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# ***JPRS Report***

## **East Europe**

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# East Europe

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27 SEPTEMBER 1990

**NOTICE TO READERS:** Beginning 4 October 1990, the GERMAN DEMOCRATIC REPUBLIC section of both the East Europe DAILY REPORT and the East Europe JPRS REPORT will cease publication. Also on that date, the FEDERAL REPUBLIC OF GERMANY section of the West Europe DAILY REPORT will be renamed GERMANY. The GERMANY section of the West Europe DAILY REPORT will include material previously published under the FRG, GDR, and German Unification rubrics, as well as material previously found in the GERMAN DEMOCRATIC REPUBLIC section of the East Europe JPRS REPORT.

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## INTRABLOC AFFAIRS

### Romanian Opposition Figure Doina Cornea Interviewed

90CH0411A Bucharest ROMANIAI MAGYAR SZO  
in Hungarian 30 Aug 90 pp 1, 3

[Interview with Romanian opposition figure Doina Cornea by Laszlo Miklos; place and date not given: "For Power That Is Pure"]

[Text] I do not believe it is necessary for me to introduce Doina Cornea, the most controversial personality in the Romanian opposition. But perhaps a brief description of the situation and conditions is needed as a matter of introduction, so that we become more familiar with her.

We made our appointment through acquaintances and intermediaries in order not to drop in as uninvited strangers, and in part because I thought that this way we could avoid a possible situation in which she refuses the interview. And third?....

I was asked by my intermediary whether I knew where she lived. Of course, I replied, I will find her place on the corner of Tordai Street and Badescu Street, called Balassa Street in my childhood years. A gray Skoda is parked in the courtyard, that's how you will recognize the place, he informed me. Only later, after the visit did I realize that Torday Street was actually the international highway E-15. Accordingly, the family home of Ms. Cornea is situated along the road to Europe, but let's not analyze the symbolism of this coincidence any further....

We did not park our car in front of the house. We moved further, some 300 meters away and parked under the causeway. We extricated ourselves from the car while watching carefully not to crush the bouquet of red gladiolas. Not a single soul walked the street, no policeman, no surveillance was apparent. When we returned an hour and a half later a fat, double-chinned old man sat next to the ditch resting his feet about 10 meters from the car.

Ms. Cornea was expecting us. Embarrassed, I handed her the bouquet I brought with me and murmured something to the effect that I was giving her these flowers on behalf of ROMANIAI MAGYAR SZO.... The huge room to where she showed our way was filled with flowers, but she was still pleased with our modest bouquet: "Mine are beginning to wilt," she pointed all around, then found a vase for our bouquet. Meanwhile the telephone rang; the idling, the polite talk stopped. Ms. Cornea answered the phone, then signalled for us to come closer. We could hear filthy curses and threats; "We will kill you!" the words echoed in the room, and an hour later this incident was repeated.

"I've gotten used to this," the embarrassed, shy, frail and fragile woman said with a childish smile.

[Miklos] But how can you get used to being threatened constantly?

[Cornea] It is simple. After a while it becomes a natural condition.

[Miklos] How do you feel about your popularity? "Long Live Doina Cornea" is painted on the brick fence in large letters at one end of Torday Street.

[Cornea] I've seen it, the other day I walked by it.... But what else could I say than the fact that by now I am no longer popular. Or we could say this: what kind of popularity is it when a person is being debased everywhere? What is at issue? I stood in the path of neocomunists like a barrier; they know me; they know who I am, while I am unable to say that I recognize them. Initially, as a first step, they also stressed that "We are on Doina Cornea's side!" But they did not like the fact that I stood up for the values of democracy, and particularly for the moral values of democracy. Beginning in early January they began attacking me. I recognized this fact in my personal relations, in the constrained, occasionally icy smiles which greeted me, and the outline of matters became increasingly clear as time passed by.... Accordingly, I do not understand why I would be popular. I am not popular, just as I am not an institution either, as many would like to believe. I did not adapt to the situation, therefore I made them feel uncomfortable; I became a person whom they want to discredit and blacken with the most coarse means and methods. Using the same means and methods Ceausescu's henchmen used. And meanwhile we do not recognize the fact that the old reflexes are working in us. This is hard to recognize. Because we became contaminated, we are sick, and we do not have the needed medicine and therapy, although we are searching for it. People have difficulty in regaining consciousness, and I would not like to see them regain consciousness, to sober up by way of their stomachs rather than as a result of their consciousness. We are under the influence of a murky power, at a time when we would need power that is pure.

[Miklos] You were one of the first to quit the [National Salvation] Front. Your leaving the Front was controversial at the time. That event more or less marks the time when the vicious attacks against you began, subsequently with Vatra Romaneasca joining in. Accordingly, we are familiar with these circumstances. But still, I would like to find out at what point you discovered that the return to the old regime began, despite the great general euphoria?

[Cornea] It happened step by step.... Facts, tiny gestures, remarks began to accumulate and pile up. This includes the fact that the Council proclaimed and professed democracy, a democratic evolution, but has not abided by it from the outset. They included my name on the list of council members without even asking my permission. What kind of democratic process is that? Okay, they were in a hurry and acted hastily.... I was invited to appear on television and I wanted to enter the studio by

myself. But Brucan and Mazilue insisted on accompanying me. At one point, inside the studio, Brucan forcefully grabbed my arm and wanted to whisper in my ear what I should say. I pushed him away. I have been thinking independently, with my own head, ever since I was eight years old. I do not need a guardian who tells me, feeds me what I should say to TV viewers.... And then there is the execution of the Ceausescu couple, the method of the trial with which I could not agree because it violated human rights. And then the matter of terrorists. They fired a shot through my window, as you know. I thought that we would be in trouble if terrorists grabbed power, just to discover that this entire terrorist business was used to manipulate us.... I am less familiar with the situation in Bucharest. But they did not allow me to learn about that situation, to try to obtain information about the events there. In the end I turned to Mazilue with my doubts. He seemed to be more understanding than the rest, but no, no, no, he responded in the negative to all my doubts. So that in the end I discontinued my efforts, even though subsequently I found out that in doing so I made a big mistake. Shall I continue with the facts? Who determined the composition of the 11-member executive bureau? And who were those members? All of them are former communists.... On one occasion in Bucharest a TV reporter asked me to disperse a demonstration. He did so, because as he said I commanded great respect, and some terrorists infiltrated the demonstrators. I complied with his request because I felt that great misfortune was impending even if only one percent of what the reporter said was true. Two weeks later a gentleman from the nomenklatura paid a visit and admitted the fact that they were the terrorists who infiltrated the demonstrators. Accordingly, once again they were pulling me on a leash. Well then, these facts accumulated and piled up day after day, and the cup began to run over. In the meantime the membership of the Front increased to 151, but there were only a few people from the opposition: myself, Blandiana, Dinescu.... The television was also manipulated, the opposition, people who had different ideas, could barely have their voices heard. They did not hold investigative meetings, the Securitate continued to function. Incidentally, I mentioned this matter to Brucan, but he did not respond. At that point I decided to quit the council. I compared the situation to an iceberg. The eternal identity issue arose: we recognized what they had to say about democracy, and we knew what they were doing in order to accomplish democracy.

[Miklos] You were criticized by the Hungarian press in Romania, including ROMANIAI MAGYAR SZO, for the views you expressed regarding Hungarian language education. More than six months have passed since. How do you view this matter at present? Do you feel that the criticism leveled against you at that time was correct?

[Cornea] I am not one who changes her views overnight. In any event, I was greatly surprised by the view expressed by one of my dear students. I am talking about Eva Cs. Gyimesi, for whom I have high regard, and

whom I respect and appreciate. In her view I was opposed to Hungarian language education at the university level. Most likely this also resulted from subversion, to remove me from the Hungarian people, but it could be that my words were misunderstood. I explained my views on this issue to Eva Gyimesi, and I was surprised, even hurt by the cool attitude she manifested toward me. This is so because I never said that there was no need for Hungarian schools, for a Hungarian university. I just felt that this was not the appropriate moment to regain an independent status! But let us assume that I erred, that I made a mistake. This should not be an irreparable mistake! Except for the fact that the events that took place thereafter proved me correct, whereas we must endeavor to reconcile. I am not mentioning this as a matter of satisfaction, but with regret. Accordingly, I regret if I may have been misunderstood. But I will not surrender my ideals, I will not change my principles. I mentioned only two limitations, two reservations. One of these was the fact that educational measures should be based on equality. This means that as long as education is dependent on the state, student enrollment ["slots in schools"] should be proportionate to the size of the respective populations. But let us examine the other reservation I have. In this I disagree with Laszlo Tokes. It appears to me as natural that the official language in state administration should be Romanian. On the other hand, it should be possible to obtain translations, and no one should place obstacles in the path of receiving translations!.... Just why do I believe that the training of Hungarian jurists is inappropriate, aside from all other Hungarian language departments? Some controllable, legally flawless basic documents are required in state administration, as well as in everyday life. In this regard the different character of the two languages may become the source of a number of errors, incorrect provisions or misunderstandings. In other words, that's all insofar as my reservations are concerned. But I do not force anyone to accept these. As I said before, I am not an institution, I am only a Romanian woman from Transylvania who understands and feels the pain suffered by both the Romanians and the Hungarians. I had a dispute with the Vatra concerning the native language teaching of history, i.e. the fact that Vatra rules out the possibility of having history teachers lecturing in the Hungarian language.... Why not? Undoubtedly our outlook on history differs, but the Hungarian people cannot be convinced of the fact that they are incorrect by eliminating the university faculty. Let historians, researchers convince Hungarians of the truth....

[Miklos] You are described in the Front's newspapers, as well as in the neocommunist extreme left or right press close to the Front, in the most outlandish terms. Even if one uses a magnifying glass, a rational argument that could be made the subject of debate cannot be found. In their view Doina Cornea betrayed the Romanian people, therefore they spell your name as the Hungarians do, denying you the use of your beautiful first name Doina. What an intellectual achievement! What is your view?

[Cornea] You will laugh at this, or you will be surprised at what I have to say. This matter delights me. Because in doing so they reveal themselves, their own raging nationalism. The fact that they call me Juhasz does not make me smaller. It makes them smaller! Because in this way they show their teeth, their chauvinist intentions. Unfortunately, they also disturb the public mood as a result. They know very well that the people do not possess a political culture, because such culture could not evolve during the communist regime. Therefore they manipulate the primary instinct of fear in people. I could say they use that instinct as the foundation, because we have lived in fear for so many years. And then they build on envy—consider the class struggle, the incitement of conflict between workers and the intelligentsia, and hatred, i.e. you are Hungarians, Germans, Jews, Gypsies, etc, but we are Romanians. All this is accomplished by applying well proportioned doses of psychological and sociological knowledge and means.

[Miklos] How would it be possible to stand up against these inciting extremes? By retreating into the opposition? What they say about you is this: you are always in the opposition, one who always complains, one who cannot be satisfied with anything.... But my actual question is this: The Anti-Totalitarian Democratic Forum was established in Kolozsvar [Cluj]. You are the initiator, the honorary chairman of that organization....

[Cornea] I did not initiate that organization, I am only its honorary chairman....

[Miklos] What are the Forum's chances in its struggle against the neocommunist threat, against a return to the old system?

[Cornea] This may seem odd, but even though the parties and various organizations set similar goals, they are unable to eliminate communist structures which become reorganized in rapid sequence. I attribute this to the fact that we, Romanians—and obviously, here I have the opposition in mind—were unable to organize ourselves. We have the Forum. Undoubtedly, it could do a lot, but Securitate people, communists and lumpen elements have infiltrated the Forum already. They will stay away if we organize a demonstration, and instantly we will be confronted with a counterdemonstration.... Your great advantage as a minority is unity, the fact that you are organized.

[Miklos] But even the Kolozsvar Democratic Association of Hungarians in Romania joined the Forum.

[Cornea] True.

[Miklos] But the Vatra Romaneasca Organization is not a member. Could this circumstance lead to confrontation between ethnic groups in Kolozsvar, and perhaps not only in Kolozsvar?

[Cornea] I would not think so. As a movement, the Forum does not have a national character, even though it

also struggles against fascism. But the situation is different insofar as the Vatra is concerned. It began as a cultural organization, but then it deteriorated; it became the tool of the Front. I cannot understand what they want to accomplish by reviving the events that took place between 1940 and 1944. I am not suggesting that we forget about those events. But what fault can we find in Hungarians and non-Hungarians who were not even born at the time?

[Miklos] How, and in what respects do you see a possibility for cooperation between Romanians in Transylvania and the Hungarians?

[Cornea] I would recall my childhood in Szaszregen [Reghin], because that's where I came from. Hungarians, Romanians and Germans populated that small town, and every nationality, each ethnic group had its own sense of vocation. And this sense of vocation was not aimed at other people speaking different languages or professing another faith. Most Hungarians were members of the intelligentsia, or they were tradesmen and artisans. The Romanian population consisted of members of the intelligentsia, people in state administration, and agricultural workers. The Saxons were merchants. In other words, each ethnic group had its own peculiar occupation and interest. Luckily they complemented each other and cooperated mainly from the economic standpoint. They not only cooperated, they were dependent on each other. I was brought up in this atmosphere....

[Miklos] And now you are being threatened....

[Cornea] I am. But I hope that the sticks will not be taken out once again. Even if the opposition is weak for the time being. This is why I go abroad, because only foreign countries are able to support the goals of a weak and unorganized opposition, to establish some kind of balance in this country. So that neither the miners, nor others struggle for democracy with sticks and clubs in their hands.

[Miklos] In conclusion: What is your message to our readers?

[Cornea] Not to permit themselves to be manipulated or provoked.

#### **Secretary of Hungarian-Romanian Friendship Circle Interviewed**

90CH0374A Budapest MAGYAR HIRLAP  
in Hungarian 28 Jul 90 p 4

[Interview with Dr. Levente Dobozy, secretary of the Hungarian-Romanian Friendship Circle, by Andras Gyorgy Lengyel; place and date not given: "Szeged Is Awaiting Romanians With Free Tickets"]

[Text] While worrisome news about campaigns against the Hungarian nation, inspired mostly by official circles, continue arriving from Romania, fortunately a contrary

process also seems to be unfolding, namely, a rapprochement between Hungarians on this side of our borders and Romanians living in Romania, i.e., the flourishing of the so-called people's diplomacy. We think that there must be specific reasons why this rapprochement between the citizens of Szeged, Temesvar and Arad is the most spectacular. We asked Dr. Levente Dobozy, attorney and Secretary of the Szeged-based Hungarian-Romanian Friendship Circle, about the accomplishments and possibilities of this people's diplomacy.

[Lengyel] During the past months, I was able to see for myself, both as journalist and private citizen, such a surprising tolerance and kindness on the part of Romanians living in several settlements of Arad and Temes Counties which is, to put it nicely, uncommon in other regions of Transylvania and the Partium [Eastern part of the Great Plains]. To what extent can the spectacular development of the relations between Szeged and Temesvar be explained by the Banat's [Bansag] characteristic historical traditions?

[Dobozy] To a great extent. Romanians, Hungarians, Germans, and Serbs have been living together in peace for centuries along the Bega and Temes rivers, in the region of the Maros River's southern part. Of course, discrimination and subjugation existed here, too, and no doubt exist even today, but by no means in such a brutal way as, for instance, in the Kolozsvár and Marosvásárhely regions. Although the Vatra Romaneasca was formed in both Temesvar and Arad, it has few members and functions as a pitiful, ridiculous trivia club in both cities. At the other end of the pole, the people of Szeged are trying, truly warmheartedly and without prejudice, to open up to their neighbors. Proof of this is the massive volume of food and clothing sent across the border from the banks of the Tisza River in December and January; or the rain of flowers which came almost pouring down on the stage of the Szeged theater at the February guest performance of the Romanian Opera of Temesvar. They were still firing on the other side when officials of the Attila Jozsef University of Sciences tried to establish relations with officials of the Temesvar University of Sciences; cooperation between them has been successful ever since. I cannot fail to mention either the cooperation between Szeged's DELVILAG, and Temesvar's Hungarian-language daily paper, or the fact that the first trip abroad of Mr. Almoreanu, mayor of the city of the revolution, was to Szeged, of all places. He came with the intention of establishing sister-city relations but, at that time, officials of the Szeged Council were exploring possibilities with the FRG and thus nothing official has resulted to date from the Temesvar partnership, although an extraordinarily bustling tourism exists between the two cities. Do not misunderstand, I am not thinking only of "wheeling-dealing" tourists!

[Lengyel] Thus, the purpose of the Hungarian-Romanian Friendship Circle, in this regard, is nothing but to take over the power of the agonizing state administration agencies?

[Dobozy] Not at all. At most, we would like to speed up the process. Our activity is supported by prominent intellectuals—as members or sympathizers—such as academician and eminent mathematician Bela Szokefalvi Nagy, professors of medicine Istvan Altörjay and Domokos Boda, outstanding literary historian Mihály Ilia, and György Benyik, professor at Szeged's College of Theology. We won the support of Parliament representatives Ferenc Baranyi and György Tokai, and several Romanian intellectuals are also interested in our cause. Members of the Circle also include lecturers of the Romanian Department of the Gyula Juhász College of Education; it is to their credit that soon we can perhaps organize a conference of Hungarian-Romanian historians with the participation of several eminent scholars. We would like to place a wreath at the memorial plaque on the house in Szeged in which Kossuth and Balescu signed the famous agreement in the summer of 1849.

[Lengyel] In September, young Romanians will arrive in Szeged in great numbers in order to begin their university or college education. Will the Circle take part in their support?

[Dobozy] Members of the Circle pledged to completely finance the education of one student, the estimated cost of which will be 50,000 to 60,000 forints. We will probably select a young man or woman of Romanian nationality who also speaks Hungarian. We consider it our task to familiarize Romanians and Hungarians living on the other side of Nagylak with Szeged's cultural values, and in this we found an obliging ally. At our request, the directors of the summer theater provided many complimentary tickets for the performances, and a local travel agency guaranteed practically free lodging for guests from Romania arriving for the festival. A similar agreement with officials of the Szeged theater is in the making. In a word, we are not short of enthusiastic supporters. Most recently, an official of the Albert Szent-Györgyi College of Medicine indicated that they are willing to support the Friendship Circle.

[Lengyel] Thus, are members of the Circle working exclusively at strengthening cultural relations?

[Dobozy] The laws of the economy are different. In addition, our members are almost without exception humanistic intellectuals, but we would nevertheless like to stay "down to earth". As a social club, we took the initiative to open a new border crossing in the vicinity of Nagyszentmiklós and Kiszombor, for the traffic at Nagylak has become almost unbearable. And the beginning of rapprochement is—access.

## CZECHOSLOVAKIA

### Conservative Parties Allegedly Weakened by Bartoncik Affair

90CH0355B Prague *LIDOVE NOVINY* in Czech  
31 Jul 90 p 1

[Editorial by Jan Urban: "Well, I Don't Know"]

[Text] The address by Dr. Josef Bartoncik to the session of the Central Committee of the CSL [Czechoslovak People's Party] was allegedly rewarded with an applause. He received the vote of confidence and so he is brother chairman again. Therefore, another round of the affair still awaits us. The fifteen or so witnesses who testified in this dispute had been advised, as the law requires, about penalties stipulated by the penal code for false testimony. Most of them unambiguously have allegedly confirmed Dr. Bartoncik's collaboration with the former State Security. Dr. Bartoncik simply denied all such allegations. It is up to the prosecutor and the court to examine the evidence and determine the weight of the testimonies of several individuals against the testimony of one person. It is said that the leadership of the CSL had thoroughly studied the documentation submitted by the presidium of the Chamber of the People at the Federal Assembly, and heard the report of the most informed man, the former Interior Minister R. Sacher. He had known about the affair already the day before Dr. Bartoncik's notorious discussion with the President of the Republic and his advisor, Jiri Krizan. A few days thereafter he gave his personal permission to MLADA FRONTA to publish a photocopy of a file card. Why? Does it have anything to do with the statements by some CSL members that someone intends to drag the affair on and on in order to demean respect for former dissidents, including the president, and that the leadership of their party is trying to build up its own information service that will be able to take over the Ministry of the Interior after their victory in next elections? At a time when the most widespread feelings in our society are uncertainty and fear of the future, when doubts are cast on the very foundations of our state and when it is more necessary than ever before to act responsibly, one of the political forces which are the mainstays of our constitutional system has staked everything on one card. It has not taken stand in opposition to the President and to other political parties because of the government's economic strategy or because of the concept of the federation. It stands in opposition because of the rating of individuals and of the rating of the past.

In Czechoslovakia we do need a modern conservative right-wing party. However, recent decisions by the Czech and Slovak Catholic parties give the impression that it can be organized neither easily nor very soon.

### Slovak Writer Attacks Prague's Centralism

90CH0349A Bratislava *NARODNA OBRODA* in Slovak  
27 Jul 90 pp 1, 3

[Article by Ladislav Mnacko: "Poisoners of Wells; Who Actually Stabbed Whom in the Back?"]

[Text] Some dunce of a journalist from Prague, endowed, as far as the modern history of Slovakia is concerned, with the knowledge of a first-grade pupil of an elementary school, published in SVOBODNE SLOVO a distasteful attack on Andrej Hlinka whom he called a war criminal, not only not knowing what he was saying but also what he was doing. I can imagine how nationalist extremists, and there are enough of them not only in Slovakia but also west of the Low and White Carpathian Mountains, would howl with indignation if a claim appeared in some Slovak tabloid that T. G. Masaryk was directly responsible for the Munich capitulation, not knowing, or not wanting to know, that Masaryk, similarly as Hlinka, died in 1937.

My point here is not so much to defend the memory of Andrej Hlinka, that was already done in LIDOVE NOVINY by someone else, Representative Jan Hornik, although I do not quite understand for what reason LIDOVE NOVINY published his article under the title "Arrant Nonsense" with a question mark, which could give the impression that with that question mark the editors of LIDOVE NOVINY tried to relativize the response of the Slovak representative. Or: that in the imbecile excursion of the imbecile editor of SVOBODNE SLOVO into Slovak history there may be something after all that fits.

Andrej Hlinka is not exactly an unproblematical figure of Slovak history, his personality and activities merit a thorough, objective historical study. I am concerned more about the depth, or rather shallowness, of the knowledge of the little Czech scribbler about the historical, political, and cultural development of the Slovak nation. And not only his. The article with the incriminating quote underwent the normal editorial procedure from being written to being approved and published. Are the editors of SVOBODNE SLOVO equally well-versed in the modern, as far as Hlinka is concerned, as well as premodern history of Slovakia as that dunce who put together that arrant nonsense without a question mark?

Is Slovakia perhaps so uninteresting and peripheral for those who influence public opinion that anybody—here it needs to be emphasized that not just an uninformed individual, but also a totally uninformed editorial collect with the editor in chief at its head—is free to say any kind of stupid nonsense about it? Or does something even worse than ignorance hide behind this attack, let us say an attempt to make worse the not so very rosy relations between our two nations? Does somebody here think that Slovakia, for want of other opportunities, is a convenient whipping boy for giving vent to Czech nationalistic passions?



What can be the state and the sum total of a Czech citizen's knowledge about Slovakia if an editor—who should perhaps know what, about what, and about whom he writes—does not know that such knowledge should be a commonplace also for maintaining journalistic ethics and permits similar blatant nonsense without question?

Unfortunately, I know from my own experience that a citizen of Czech nationality with an average education does not exactly excel in the knowledge about a nation with whom he has been coexisting for quite a few decades. It starts somewhere on St. Wenceslas Square with the spontaneous exclamation of a Czech pedestrian who once upon hearing my conversation with Katarina Lazarova, enthusiastically and with surprise exclaimed—Look, Romanians! It starts in Bohemia with the considerably widespread fable that in the most difficult times Slovaks stabbed the Czech nation in the back.

Well, let us talk about that stab in the back, that is, Slovakia's secession from the Czech lands and the founding of a Slovak state. We shall ponder the reasons it came to that. The Slovak nation, which—there can be no dispute about that—during the 20 years of the First Republic, thanks also to the efforts of many Czechs active in Slovakia, was maturing politically and culturally and felt insulted when it was called “a younger branch of the Czech nation.” Which nation would not be insulted by similar “forbearance”? The failure to implement Slovak autonomy as contained in the Pittsburgh agreement, the feeling of superiority of Czech nationalism over the “younger” brother, the political, cultural, and economic guardianship by “Prague” (we experienced it even in the postwar period) had to foster reservations and resistance to the Prague centralism among the circles of politically mature Slovaks, not just the radical nationalists. The policy of Slovak nationalists demanded the implementation of the agreement made in Pittsburgh (truly, what percent of Czechs know that such an agreement in fact existed?) on the autonomy of Slovakia in a common state. Slovaks—again it is necessary to emphasize that not only the separatists—did not want to live forever under a guardianship. Andrej Hlinka, the cofounder of the Czechoslovak Republic, in time developed into an uncompromising fighter for the autonomy endorsed by the agreement, but the intention to break up the Republic was foreign to him; it escalated only after his influence in the Slovak People's Party weakened, and it reached its climax after his death. In spite of that—there are still many alive who remember, Slovaks who can attest to this, that the Slovak nation as a whole, including Slovak nationalists, was resolved to defend with great enthusiasm the unity of the Czechoslovak state against Hitler's aggressive plans in 1938. Slovak soldiers and reservists rushed immediately after the declaration of mobilization to their units. Benes's capitulation, with the unfortunate consequences also for the territorial unity of Slovakia, necessarily had to lead to the increase of Slovak separatism, and in its final consequences to the active contribution of the radical

wing of the reactionary clerical party to the breakup of the Republic. At the same time, the moderate wing of the autonomists in the clerical party, led until that time by the influential politician of that party Karol Sidor, did not want a total breakup of the Republic—particularly not in alliance with Hitler. The capitulation to Hitler with its unfortunate consequences for Slovakia was seen by many Slovaks as a failure of the Prague centralist policy. In the eyes of the Slovaks, it was not the Slovaks who betrayed the Republic, but Prague. It was certainly a simplistic understanding of the Munich tragedy. The disappointment that we gave up the Republic without a fight brought—with the transient consent of the majority of the Slovak nation—the adventurers Tuka and Machov to power.

The slogan—Prague Disappointed, Save What You Can—certainly played an important role in the chaos of the post-Munich conditions. Soon afterwards the Second World War broke out and with it a quick awakening from the dream of the stability of Slovak statehood, an awakening which culminated in the Slovak National Uprising, a spontaneous military-political act connected with the wish to renew the Republic. The main reason for this awakening can undoubtedly be considered the growing horror of the Slovak nation of the fateful alliance with Hitler's Germany. The Slovak National Uprising does not have an analogy in the history of the Second World War. Slovaks were living well in their European—only barely visibly directed by Hitler—enclave, they even profited economically as well as culturally from their special position. And they nevertheless rejected this “well” and they rose. Certainly not because they wanted a moral catharsis. It was the only relatively sovereign nation which expressed its spontaneous will to have nothing to do with Hitler's or domestic fascism. However, the Republic, for whose renewal the Slovak nation fought, was not to be the Republic it was before the war. The Slovak nation matured, politically and culturally. Gottwald's proclaimed “Magna Carta” of the Slovak nation already caused distrust of the Slovak nation toward Prague. The Slovak nation did not feel any need to be a “Carta nation” with a limited sovereignty, dependent on the indulgence of an older brother. Today people are increasingly wondering whether February 1948 was or was not a putsch, regardless of the developments in Slovakia. Whether it was a putsch in the Western part of the Republic, that can be debatable. As far as Slovakia is concerned, it definitely was a putsch, and it was a putsch directed from the Powder Tower, in whose immediate vicinity were the headquarters of the CPCZ. The Slovak Communist Party was a minority party in Slovakia, hardly capable of assuming totalitarian power on its own. Whereas in Bohemia and Moravia non-Communist parties left the political arena without a struggle, in Slovakia the Democratic Party was “retired” with a substantial physical help of the Communist-dominated state security.

So, who in fact stabbed whom in the back? Forty years of stagnation and injustice was identified with the 40 years

of Prague Communist centralism. Who can blame the Slovaks for their position: together yes, but as it was recently, never again? The disappointment of the Slovaks with the conditions under the First Republic, not always fully justified, continued with the disappointment with the conditions in the totalitarian state in which Slovakia was relegated to a role of a subordinate yes-man of the Prague Communist centralism.

The times in which we live is a time of ferment and crystallization of opinions and standpoints. In every democratic state exists a broad spectrum of political streams, from the extreme left to the extreme right. The result of these democratically conducted disputes is a relative political stability of the given state. Those are the rules of the game. And when today the little Czech man angrily asks "what are those Slovaks doing, what do they want anyway," he should pause and think first about what he wants and what he himself is doing. Today's uncrystallized situation of this state, with the unfortunate influence of the still recent past, with the remnants of fear in the bones, with the mistrust of proclamations and promises, gives a unique opportunity to loudmouths of the most varied stripe and political exhibitionists to focus attention on themselves. The unrepresentative minority of Slovaks demanding total separation from Bohemia and Moravia find their echo in the unrepresentative minority of Czechs who cling to the fable about the stab in the back.

In the end, the recent elections gave the radical loudmouths on both sides of the Low and White Carpathian Mountains a sobering lesson. That can change if we give these radicals a free hand, if we do not find a way to face up to their clamor.

Every unthinking voice which touches the dignity of both our nations can lead to a polarization of attitudes, to a growth of radical separatism on both sides. Do we want that? And if we do not, let us admit it! Does a Slovak jingoist, singing about breaking the Czech heads, know what the substance of his "politics" is? Does the Czech editor of SVOBODNE SLOVO realize what impact his unthinking rubbish could have on the thinking of Slovaks, and not just those who sing about breaking heads?

Hardly. Behind similar bluster there is nothing, no concept, no knowledge. It was already noted many times that Slovaks know Czech history better than Czechs know Slovak history. It has to do with the unfounded superior attitude of a part of the Czech nation toward the Slovaks. Understandably, such demeaning attitude cannot remain without response in Slovakia, especially not in the circles which are trying to overcome the still here and there alive, although for a long time already unjustified, feeling of their own inferiority by an empty radicalism.

Do we want that? If not, then let us do everything we can to get to know each other better. And let us try and understand each other. Understand and not shout down. And least of all insult.

### **Slovak Premier Criticized by Civil Forum's Weekly**

90CH0348A Prague FORUM in Czech 31 Jul 90 p 4

[Article by J. Vavra: "Does Dr. Vladimir Meciar Suffer From a Weakness for the Communists and the State Security?"]

[Text] On 27 June of this year, the Coordinating Committee of the Public Against Violence sent to the director of the Office for the Protection of the Constitution and Democracy in Kosice and his deputy a short letter, which ended with the words: "The Coordinating Committee of the Public Against Violence in Kosice bought you two pieces of green soap. We assume that you will not spread it on a piece of bread but will put it to the proper use."

That was actually only the last act of the strange affair which could have become, other than the Jan Budaj case, one the biggest in Slovakia. That it did not was because of the position, probably too high for our conditions here, of one of its central actors.

What was it all about, then? The former minister of interior of the Slovak Republic, Dr. Meciar, named, before his departure from the Ministry of the Interior, Dr. Jan Demikat to the function of chief of the Emergency Motorized Unit of the National Security Corps Kraj Administration in Kosice. He did that despite the negative opinion of the chief of the Kraj Administration of the State Security Corps of East Slovakia, Lt. Col. Jozef Rosek; of the Independent Trade Union Association of Members of the State Security Corps in Kosice; of the Mayor of Kosice, Jan Kopnický; and of the director of the Office for the Protection of the Constitution and Democracy in Kosice, Eng. Vladislav Chlupal. That in itself need not be bad, if...

### **Who Is Dr. Demikat?**

Jan Demikat has been a long-time member of State Security, working in the well-known Second Bureau, that is in the so-called internal intelligence. He was a specialist on church matters. Later he left the service, allegedly on his own request. Capt. Rudolf Vitkovic writes in his statement to the Czechoslovak Press Bureau on 14 June 1990: "Comrade" Demikat left the Corps also because of his bad character and loose morals, and because he was involved in the breaking of valid laws and internal norms." In any case, at this time an investigator of the IN [not further expanded] of the National Security Corps Kraj Administration is looking into a report by a certain woman in Vranov nad Tisou which gives cause for suspicion that in 1983 Dr. Demikat, as a member of the Second Bureau of State Security, carried out an illegal house search in her residence. The items confiscated during that house search have not been returned to the woman in question yet. No order and protocol for such a house search can be found in the pertinent criminal records.

No less interesting is another area of Dr. Demikat's activities. In December 1989 he was entrusted by the

Special Congress of the Slovak Communist Party with the function of Chairman of the Control and Audit Commission of the Slovak Communist Party. In that connection he stated that he was an orthodox advocate of the purity of party ranks and that "never again must we repeat the mistakes which brought us to where we are now." On 16 June 1990 he gave up this function. According to the editors of the daily PRAVDA, "after many, very serious critical reservations about his work and attitude". Mr. Demikat of course insisted in his interview with PRAVDA on 28 June 1990 that he resigned because he considered the task in the Central Control and Audit Commission, given to him by the Special Congress of the Slovak Communist Party, to be finished. At the same time he allegedly also resigned his membership in the party.

#### A Delicate Matter

The Independent Trade Union Association of State Security Members in Kosice issued a proclamation in which it strongly protested the readmittance of Dr. Demikat to the services of State Security. It pointed out that he is a man morally and professionally discredited, it called to mind his illegal activities, and warned that "with people of his type members of State Security will never regain the trust of the entire society, which they lost, not just through their own doing, in the recent past." It also points out that Minister of Interior Meciár, by reinstating Dr. Demikat to the National Security Corps, went against Article 3 of the agreement about the standing of the agencies and organization of the National Trade Union Associations of National Security Corps Members in relation to the officials of the Ministry of the Interior.

The mayor of Kosice, Jan Kopnický, points out that in similar cases in the past he used to be asked to discuss the matter in the Council of the National Committee. He received similar instruction from the first deputy of the Federal Ministry of the Interior, Mr. Prusa. In the case of Mr. Demikat nothing like that was done.

The director of the Office for the Protection of the Constitution and Democracy in Kosice, Eng. Chlipala, adds to this that "Mr. Demikat is under the jurisdiction of the Verification Commission, which was not informed about this step taken by Minister Meciár."

#### And What Does the Minister Say to This?

At the official trade union aktiv in Kosice on 28 May 1990, to the question concerning the possibility of readmitting Dr. Demikat, he replied unequivocally that he will be accepted. Then came an obviously well-meant advice: "Do not probe into the background, you will be better off."

Then he tried to remove Jozef Rosko from office. The chief of the Investigation Bureau of the VM SR [not further expanded] states in a memo from 22 June that Dr. Demikat claimed in a conversation with him that Minister Meciár told him a day in advance that Mr.

Rosko was no longer in command, which, he said, was approved by Federal Minister of Interior Dr. Sacher during their talks on 15 June in Trencianske Teplice.

In an interview given to the newspaper of the Slovak Communist Party PRAVDA on 26 June Dr. Meciár, already as the designated premier of the Government of the Slovak Republic, admitted that Mr. Demikat has been a long-time member of State Security and performed the function of Chairman of the Central Control and Audit Commission of the CPCZ [Czechoslovak Communist Party] Central Committee. He justified his acceptance into the services of the National Security Corps by the fact that during the performance of his party function he cooperated very well with the Ministry of Interior in uncovering the case of the party recreational facilities at Biela Skalka. Was this then some kind of reciprocal service?

Then Dr. Meciár went after his opponents. He dealt with the Trade Union Association of National Security Corps Members in one sentence. Nowhere in the Republic, he said, do the trade unions have a say on accepting individual employees. He said that the commander of the National Security Corps Kraj Administration in Kosice is old (he is 59 years old), and that he does not know him. The third source of reservations comes, according to Dr. Meciár, from the employees of the Office for the Protection of the Constitution in Kosice. "All I know about them is that the director of the Office for the Protection of the Constitution refused to shake their hands because of their great lack of personal hygiene."

So we are at last back to the soap.

#### What Does It Mean?

The entire affair, however, has a deeper and far more serious background. That was also pointed out by Eng. Vladislav Chlipala, who in his broadcast on Czechoslovak Television on 11 June 1990 recommended to "burn the already considerably thinned out archives of the State Security or lock them up for several decades outside the department of the Ministry of Interior." Eng. Chlipala considers it to be a "threat to the state security policy of the CSFR conterminous with the incompetence of the minister for the department which was entrusted to him."

Eng. Chlipala gave his undoubtedly important statement to Czechoslovak Television. The Kosice studios sent it to Bratislava, and of course there, specifically in the newsroom, they would not broadcast it unless it was first shown to Minister of Interior Meciár. That way the whole affair died down.

There is no doubt that the situation in Slovakia is especially complicated. The main problem is probably the fact that in the Security Department in particular there is a dearth of decent, morally irreproachable people. It is as if they all were somehow mixed up in everything. The situation in Eastern Slovakia is again

more complicated. In 1968, for example, only two people were thrown out of the National Security Corps. And people are afraid to speak up against the top echelons, who survive every regime.

The behavior of Dr. Meciar only confirms the impression that he operates on the principle according to which "only radicals" poke around in the past, "in order to have victims who will pay for everything that happened in the past."

That also explains his attitude toward clearance investigations expressed in his interview for PRAVDA. "It has to be realized that the reasons and motives for cooperating with State Security were different for different citizens. Some cooperated out of conviction and they want to continue cooperating out of conviction, because they consider it the right thing to do from the point of view of state security. Even if somebody was a confidant, it is not a criminal offense and it is not a reason for dismissal from a job."

All points to the old, well-known principle, that "we have to give mutual support to each other. After all, we are all Slovaks."

This point of view and the behavior that results from it gives rise to considerable doubts, especially in light of the naming of Dr. Meciar to be the premier of the Government of the Slovak Republic. It was obviously for this reason that the director of the Office for the Protection of the Constitution and Democracy in Kosice, Eng. Vladislav Chlipala, the mayor of Kosice, architect Jan Kopnický, and member of the Coordinating Committee of the Public Against Violence in Kosice, Gabriel Kladek, sent a letter to the president of the Republic. They point to the tense situation and request that the former chairman of the Central Control and Audit Commission of the CPCZ and member of State Security be immediately relieved of his function.

No reply has been received so far.

#### **Government Official Reviews Status of Controversial Danube Dam**

90CH0366B Bratislava NARODNA OBRODA in Slovak  
4 Jul 90 p 9

[Article by Eng. Dominik Kocinger, plenipotentiary of the CSFR Government and the SR Government for building and operating the system of waterworks Gabčíkovo-Nagymaros: "Gabčíkovo—Current Picture of the Controversy About the Waterworks"]

[Text] There have been many deliberations, speeches, discussions, and talks last year as well as this year, at the diplomatic level, in governments, parliaments, in the press, in professional, political, and lay circles, here and in Hungary, about the system of Gabčíkovo-Nagymaros Water Project. The waterworks has become a convenient object which can be used to identify pluses and minuses, profits and losses, priority of values which were

approached differently during the planning and differently now, before its completion.

I think it is high time to recapitulate the most important events, to point out the unresolved problems of this joint Czecho-Slovak and Hungarian investment, draw conclusions and most of all give attention to the resolution of current problems. And that there is more than enough of those, probably nobody doubts.

In spite of the fact that I am not an expert, I do not feel, and I cannot even be, so well informed that I could be an infallible arbiter for tens or hundreds of researchers, planners, or experts in various scientific disciplines, conservationists, various initiatives, individuals and collectives who submit arguments for and against the waterworks project. Nevertheless, I want to offer the public as comprehensive as possible account of the current state of the waterworks system—the Gabčíkovo Waterworks. This problem is particularly interesting in relation to the protected area of underground water, which is a large part of Zitny Island, but also to the entire affected area of the Dunaj basin from Bratislava to Palkovicovo.

#### **What the SVD Gabčík-Nagymaros Was Supposed To Be**

The riverbed of the Danube is to be dammed between Hrusov-Dunakiliti. The rise of the water to an elevation point of 131.10 will make it possible to redirect the water to a feeder canal for the Gabčíkovo power plant, but with hundred-year-old water it will be possible to allow water to flow through the Danube over the Dunakiliti Dam at a rate of up to 6,400 cubic meters per second. Therefore 4,200 cubic meters would flow through the canal. This amount of water can service eight turbines, and water can therefore flow through and produce electricity in each of them approximately at 500 cubic meters per second. It is possible to get an idea of that amount by the fact that up to now the lowest measured flow in the Danube (in 1948) was 570 cubic meters per second. Given such a flow, the entire Danube would actually be able to feed only one turbine. An average flow in the Danube in a so-called dry year is 1,412 cubic meters per second, in an average year 2,009 cubic meters per second, and in a wet year 2,711 cubic meters per second. These numbers and the working water level, which is the difference between the level in the Hrusov reservoir and in the waste canal behind the power plant in Gabčíkovo (16-21.5 m), were the starting points for calculating the utilization of the Danube for energy production. On the assumption that in the old riverbed of the Danube the minimal sustaining flow of only 50 cubic meters per second is maintained, as it is assumed in the specifications, it would produce in an average year in a through-flow operation 2,980 GWh of electricity. That is a concrete calculable economic contribution for the Czecho-Slovak and Hungarian side from the Gabčíkovo step. According to the agreement of 1977 the costs for the entire water project are to be divided 1:1. The total amount of energy produced by the SVD (Hydroelectric plant Gabčíkovo, Nagymaros) is to be divided the same

way, which in an average year should be 4020 GWh altogether. The economic contribution from the power plant would double or triple by peak operation of the hydroelectric plant Gabčíkovo. That means that it would work only during the time of high consumption from the energy network, particularly in the evening and in the morning. The night and day flow of the Danube would accumulate in the Hrusov reservoir which has an area of about 50 square kilometers and at its high water mark extends up to Bratislava.

#### Without Nagymaros

The entire situation has been radically changed by the decision of the Hungarian Government not to build the Nagymaros step. Except for the flood control measures, the Hungarian side stopped work also on part of Gabčíkovo. Under the condition that the Nagymaros step will not be built, the peak operation will be eliminated and ecological guarantees given (for the time being, not clearly specified by the Hungarian side), the Hungarian side is willing to dam the Danube riverbed after an appropriate amendment of the international agreement is made. That could enable the Gabčíkovo part of the water project to be put into operation. Because of the current situation work on the dam will not start this year but in autumn 1991 at the earliest.

As the mass media have informed the public, the government of the Slovak Republic provided time for specialists to express their opinion on the SVD on the Danube and its impact on surrounding territory. Two groups of specialists had less than three months to state their position and opinion, and submit arguments on both the positive and negative side of the Gabčíkovo Waterworks from the point of view of the new political situation, most recent findings, and also of another way of looking at priorities and the protection of the environment and nature. It is generally noted that the specialists did not agree on their views and that some questions will have to be judged, or decided, by international experts.

#### Argument About Groundwater

One of the deciding questions, which was left open, is the impact of the Gabčíkovo water project on the amount and quality of groundwater which will filter into Zitny Island after the Hrusov reservoir is filled. This problem has already taken a lot of research since 1951. What can be said about the fact that after so many years of research the group of experts, talking about quality, cites conclusions of research done in 1976? At issue is the claim, substantiated by analogy, that as a result of a lower volume of soluble oxygen in the Hrusov reservoir and its further biochemical consumption, the zone around the river will become a reduction environment and that iron, manganese, and other undesirable components will dissolve in it. Even more serious is the hypothesis that by elevating the surface of the water in the Hrusov reservoir the infiltration and movement of groundwater will increase, that it will cause the dispersion of harmful

substances which have been accumulating for many years and which used to be released from Slovnafta, and still are being released into the Danube without proper treatment from the Juraj Dimitrov Chemical Works. The experts judged the water source Kalinkovo (900 liters per second) and Samorin (2,000 liters per second) to be directly threatened. They judged as potentially threatened the water source Gabčíkovo (3,000 liters per second), and source Dobrohost (10,000 liters per second) which has been verified by research. That is the minimum amount considered for use from Zitny island in the Directive Water Management Plan to supply Bratislava, a great portion of the West Slovakia Kraj as well as part of Southern Moravia. Other experts claim that no sudden endangerment of water sources will occur. They suggest making an experiment: Fill the Hrusov reservoir, watch on the monitoring system what happens to the groundwater, and if the situation appears not to be good, the water can be let across the Kunakiliti dam back into the old riverbed. They do not agree that there will be a rapid decline in water quality in the basin zone or in specific water sources.

Unequivocal proof to support one or the other side is not available and research did not settle these questions. At issue is not only the flow of groundwater. At issue is also a model of the physical-chemical and microbiological formation of the quality of underground water in specific hydroelectric conditions in relation to specific water sources. According to the view of our leading laboratories and the Slovak Academy of Sciences, the processes of forming the quality of underground water, or of spreading specific pollutants are not well known in the CSFR and they do not appear in publications around the world. Maybe our leading laboratories did not use the chance during the last 20 years or more to devote themselves to this problem and become top experts in this field. We found out that this is not a simple case during our initial talks about this problem with representatives of specialized institutions from Italy, the Netherlands, Venezuela, GDR, and Canada. This is a crucial problem which must be solved in cooperation with foreign experts. The result must guarantee the amount of danger or lack of danger to specific water sources, and a reliable method of protecting them.

#### Without Importance to Energy?

The impact of the operation of the Gabčíkovo Waterworks on the ecosystems of Danube's tributaries, flora and fauna, the impact of lowering the flow in the original Danube riverbed on forests and agriculture were assessed by the other group. From the ecologists' and biologists' point of view the originally planned design is unacceptable and the subsequently proposed improvements are also inadequate. Measures for preserving the natural cycle of flooding the system of tributaries and wetland forests lying between the original canal and the old Danube riverbed required building a collecting structure from the supply canal to siphon off 260 cubic meters of water per second and plan a canal to the system of

tributaries for Kcs80 million. The requirement to maintain such a flow in the old riverbed that would retain the connection with the tributaries and thus also an acceptable water level of the groundwater, means to retain in the Danube a flow of approximately 1,000 cubic meters per second. But in that case the importance of the Gabčíkovo Waterworks for energy production would be substantially lost. The only benefit would be to navigation and flood control, which does not produce a measurable financial effect for the operators of the waterworks. There are no fees collected for the use of the waterway among the countries through which the Danube flows. At the same time an agreement has been signed that after constructing the waterway Danube-Mohan-Rhine, Hungary, CSFR, and Austria will guarantee a navigational depth of 3.50 meters as far as Vienna. That is only possible if the step Nagymaros is built, the Dunakiliti dam put into operation, and another step on the Danube—water project Wolfsthal-Bratislava—constructed. Navigational conditions are at present highly inconvenient in the entire Czechoslovak-Hungarian sector, in the Bratislava port as well as between Bratislava and Vienna. These conditions were pointed out to the appropriate ministries of CSFR, Hungary, and Austria in the resolution of the Union of West European Chambers of Commerce and Industry of the Rhine, Rhone, and Danube area. The unsatisfactory condition of the navigational route on the Czechoslovak and Hungarian sector is also strongly pointed out by the Czechoslovak Danube Navigation.

To assess the economic consequences if the step Nagymaros is taken out and the peak operation eliminated, an alternate method of operation and of meeting ecological requirements, or if the construction is stopped, a third working group—an economic group—was assembled. The committee of independent experts of the Economic Policy Council of the SR Government was asked to coordinate the work of the group.

#### **With a Cool Head, Without Emotion**

On 25 April 1990 the SR Government discussed the information of the SR Ministry of Forest and Water Management and Lumber Industry and the proposed measures for studies, research, planning and implementation assessment of the requirements which resulted from the work of the expert commissions. The Government requested to have information about the detailing of these measures and guarantees of supplies submitted to it by 31 May 1990. The SR Ministry of Forest and Water Management and Lumber Industry presented the information to the SR Government together with a request for financing. It also asked for money for foreign experts. Without having guaranteed financing the investor cannot order work from domestic or foreign organizations. The tasks were distributed among planning centers, which submitted suggestions with conditions and time terms for further research. The deciding question must be resolved in one year at the latest, that is by 30 June 1991—the impact of the Gabčíkovo Waterworks on the amount and quality of groundwater.

On this point there can be no compromise as on the other requirements. In renewed discussions, which government plenipotentiaries agreed to hold, the common problem of the impact of the Gabčíkovo Waterworks on the surrounding area will be debated. To be able to make a wise decision, the new governments in the Republic of Hungary and CSFR need first of all facts, arguments, economic estimates from the viewpoint of the economic situation, justified interests of ecologists, conservationists, and people living in the affected area, but also of the power industry, navigation, and flood control. All that can be solved only with a cool head, without emotions, offensive statements, or evaluations made without an intimate knowledge of the specific problem in relation to the entire complex of questions of the joint Czechoslovak and Hungarian investment.

#### **No Change in Average Longevity**

*90CH0377B Prague LIDOVE NOVINY in Czech  
1 Aug 90 p 8*

[Unattributed report: "Life Is Still Shorter"]

[Text] In comparison with advanced countries, the citizens of our country die five to seven years earlier. One of the causes is the worsening state of health and the stagnation or even decline of the average life span resulting from the devastation of the environment. The program of the World Health Organization has as its goal the achievement by the end of this century of an average life span of at least 75 years. Many countries already reached this goal at the beginning of the eighties. For us it seems unrealistic. In fact, as far as the average life span is concerned, we are still moving further away even from the European average, which is 70 years for men and 77 years for women. In Czechoslovakia, men live to 67.6 and women to 75.9 years. Our situation is illustrated by the international comparison of the standardized mortality rate from 1984 and 1986. Whereas in Sweden there were 772 deaths per 100,000 population, in France 787, and in the FRG 853, in Czechoslovakia there were 1,201.

### **HUNGARY**

#### **Office Formed To Compensate Former Deportees to Soviet Union**

*90CH0372A Budapest NEPSZABADSAG in Hungarian  
21 Jul 90 pp 1, 5*

[Report: "The Office Will Recompense—170,000 Have Already Applied"]

[Text] It is slowly becoming a tradition for the government spokesman to begin his regular weekly report with a correction or explanation.

This time, too, the issue was a statement by Antall. Fortunately, the prime minister's Brussels speech was "misunderstood", at least as far as the assessment of

Austria's neutrality by the Hungarian head of government is concerned, not by Hungarian but by Austrian papers. This is why Balazs Laszlo found it important to relate that, according to Dr. Jozsef Antall, a neutrality recognized by international law might be an obstacle to Common Market membership. For this reason the Hungarian government does not wish to declare Hungary's neutral status, although it has announced our intention of withdrawing from the Warsaw Pact. It thinks that Hungary's security would be assured within the framework of the European security system.

After this introduction, the spokesman gave a more detailed report on the decisions and issues at the previous day's government meeting. He said, among other things, that the present compensations—averaging 300 forints a month—related to the price increases will involve 1.4 million Hungarians. They will cost 1.9 billion forints this year, and 2.7 billion forints spread across to next year. Balazs Laszlo said that the government would like to begin adjusting pension payments to inflation but this will hardly be possible this year. In case this can be done, pension payments will be increased quarterly "up to a maximum range of 20,000 forints". Incidentally, the government is very concerned about the state of social security. Businesses—primarily the ones standing in line [as published]—owe 17 billion forints to Social Security. The government wants to introduce a change in which the priority of unpaid social security taxes is similar to that of wages. Interests on late payments, which are still low at present, will also be increased. A list of firms that owe so much social security taxes is expected to be published soon because, as the spokesman said, they are withholding money from the entire society and from people with low pensions. (To the question of whether the Social Security's problem is that its funds were used for buying government loan securities with negative interest, the spokesman answered by saying that this, too, will have to be changed.

Major users are somewhat compensated by the government for the most recent oil price increase, namely, agriculture is receiving 710 million, transportation 610 million, and the other users 180 million forints.

The economic issues also include the Vienna-Budapest world fair. It turned out that the government requested additional studies by early September, after which it will be able to present its final proposal to Parliament. Balazs Laszlo says it is not too late to begin preparing for this great event but it will be necessary to clarify what kind of foreign participation—primarily in infrastructural developments—we can expect. He implied in his statement that the government is inclined to be in favor of the world fair.

The spokesman gave the press detailed information on the establishment of the Office of Indemnity. It will be an independent government agency, receiving its budget from the Ministry of Interior. Its task will be to give partial financial compensation for personal confinement because of political reasons. Today the spokesman indicated the category of those who were interned, taken away to the Soviet Union, or forcibly relocated during the period between 1945 and 1963, not excluding the possibility to also include the Jews who were taken away and the Germans who were relocated. The Office will have a staff of 50, and the Minister of Interior has already received 170,000 claims. Gyula Kiss, minister without portfolio, is going to be its government-appointed director. According to the spokesman, a bill of compensation is being drafted, and financial losses will also be regulated by law. The establishment of an Office of Reparations is conceivable.

It is an economic issue that, as part of the budget-improving package, two billion forints in subsidies have been taken away from major agricultural enterprises that operate under unfavorable conditions. Consequently, the sum of price subsidy, calculated for the period ending on 15 June, must now be multiplied by 0.35.

With regard to our foreign relations, we learned that a committee has been set up to prepare for the pope's visit, and that Miklos Palos, the prime minister's state secretary, is handling the preparation of the visit as government commissioner. The pontiff will be lodged in the castle, at 62 Uri Street.

The spokesman said that, according to Minister of Foreign Affairs Geza Jeszenszky, the Slovak government represents a more rigid standpoint than that of Prague in the issue of the Danube dam, urging for its opening. A Romanian state secretary of foreign affairs is to arrive in Budapest next week; the government is expecting real accomplishments, not being satisfied with promises. Answering a question, the spokesman talked about the Thursday meeting of head of government Antall with the Arab ambassadors in Budapest, at which meeting the prime minister informed the ambassadors that Hungary's standpoint is unchanged, offering technical assistance in a humanitarian spirit to Soviet Jews wishing to emigrate. The Arab ambassadors raised objection against the "anti-Arab" manifestations of the Hungarian press; in response, the Hungarian head of government informed them that "the Hungarian press is not under government control".

Dr. Peter Boross will oversee the Information and National Security Office as minister without portfolio. It will probably be next week when he will be sworn in by our interim head of state.



## POLAND

### POLITYKA Weekly News Roundup

90EP0780A Warsaw POLITYKA in Polish No 29,  
21 Jul 90 pp 2-3

[Excerpts]

#### National News

[passage omitted]

During a Sejm debate Leszek Balcerowicz spoke. "A market economy based on broad participation by private ownership in various forms makes it possible to achieve the highest level of efficiency in the use of the material and spiritual resources of a society—among the forms of economic systems in use. It provides the most rapid improvement in the standard of living for the citizens. That is because the savings of costs, good organization of work, high quality of production, effective searching for new markets, and also technical advancement and development are in the interest of the owners directing the work of the enterprises." [passage omitted]

PO PROSTU has published and GAZETA WYBORCZA has reprinted a report that the Center Accord wanted to overthrow the government at a session of the Sejm during which the premier announced his expose and presented the changes in the cabinet. The title in GAZETA WYBORCZA: "Did the Center Prepare an Overthrow." PO PROSTU also published the list of the shadow cabinet, of which Zdzislaw Najder (the chairman of the Citizens' Committee under Lech Walesa) is supposed to be the premier. The deputy premiers are Stefan Kurowski (also minister of finance, Solidarity activist); Roman Bartoszcze (leader of the Polish Peasant Party (PSL); Tadeusz Bien (SD [Democratic Party] activist); and Jaroslaw Kaczynski (editor in chief of TYGODNIK SOLIDARNOSC, and also minister of internal affairs). Among the ministers were: defense, Leszek Moczulski (chairman of the Confederation for an Independent Poland (KPN)); foreign affairs, Ryszard Bender (Labor Party (SP)); agriculture, Piotr Baumgart (Rural Solidarity); religious denominations and public education, Antoni Macierewicz (Christian National Union (ZChN)); minister of state for political affairs, Andrzej Slowik (Solidarity); the government spokesman is supposedly Jacek Maziarski in chief of TYGODNIK SOLIDARNOSC; and the editor in chief of the government daily RZECZPOSPOLITA is Marek Jurek, whom we saw recently in a televised encounter with A. Michnik. Maziarski told GAZETA WYBORCZA that the whole thing is just a rumor. Jurek also denied the connection with RZECZPOSPOLITA.

TRYBUNA writes about another idea in an ironic manner under the title: "Do They Anticipate a Coup?" At a press conference, Wojciech Ziembinski, chairman of the Loyalty to the Republic Party (SWR), demanded the resignation of the president, the dismissal of the government, the adoption of a Little Constitution.

"Either the body on Wiejska Street adopts a constitution," declared the leader of the new party, "or there will be a coup and all the independence organizations will adopt it. We can wait no longer." [passage omitted]

Minister Aleksander Paszynski outlined the housing law: all buildings—residential and commercial—even in rural areas will be subject to the law; rents for commercial space will be set by the owners or the managers of the buildings on the basis of a civil-legal contract. During the first phase, rent for housing is to cover the current costs of exploitation, and beginning 1 January 1993, it is also to cover the costs of capital repairs. The owners and administrators of houses will be able to remove illegal residents from apartments without the obligation of providing temporary housing. For now, rents for state-leased apartments and in private buildings are to triple.

Research by the Public Opinion Research Center. Opinion about L. Walesa and T. Mazowiecki: 47 percent think that the premier is more worthy of trust than the leader of Solidarity; 21 percent think the reverse; 20 percent judged that both are equally worthy of trust. Walesa better expresses the interests of Poles (40 percent, for Mazowiecki, 27 percent). The premier, however, is more responsible for his words and deeds (58 percent and 17 percent). The premier has better advisors (41 percent) than Walesa (13 percent); the premier better represents the interests of Poland abroad (32 percent and 22 percent) and values democracy more. Walesa is bolder and more decisive (70 percent and 13 percent). In another survey respondents were asked whether L. Walesa should become president before the end of 1990: yes, responded 21.6 percent; no, responded 68 percent. In response to a question about how they would vote if parliamentary elections were held the next Sunday, 25.2 percent of the respondents said for candidates supported by T. Mazowiecki and the citizens' coalition [Alliance for Democracy] of J. Turowicz; 24.4 percent for candidates supported by L. Walesa and the Center Accord of J. Kaczynski; 10 percent for candidates not associated with Solidarity; and 25.6 percent would not participate in the elections. Ranking the ministers: K. Skubiszewski (foreign affairs) and J. Kuron (labor, social issues) occupied the highest position; A. Paszynski (construction, housing and Cz. Janicki (agriculture) the lowest positions. The grades for the nine months of work: the government received a "B" from 44 percent of the respondents; a "C" from 39 percent; an "F" from 7 percent; and an "A" from 4 percent. The residents of larger cities, owners of private business (the most "A's"), the intellectuals, and nonworking persons give the government better grades. "F" are given most frequently by workers.

Among the rumors from the Sejm, GAZETA WYBORCZA notes the meeting of Minister of State J. Czyrek with J. and L. Kaczynski: they are supposed to have discussed a proposal to make Poland neutral (liquidating the army, leaving the forces of order as in Switzerland). L. Walesa was supposed to come out in support of the proposal. Minister K. Skubiszewski



responded to these rumors in the Sejm: "There is no such proposal by the government. I doubt whether such a proposal will be made by anyone else." The minister said that at present making Poland a permanently neutral state "is not among the immediate goals of our international policy."

The National Party (SN) has taken a position on the "declaration of the group organized by J. Turowicz in Krakow": "The document shows that the group of J. Turowicz and other similar groups have forgotten that the rights of national minorities and Polish tolerance do not indicate agreement to domination of the Polish government and the authorities of our country by representatives of one national minority and by Poles associated with it in various ways who ignore the basic interests of Poland." Prof Stefan Jarzebski signed the statement for the Main Board of the National Party (SN). [passage omitted]

### Opinions

*Walerian Piotrowski, senator:*

(Interviewed by Marek Krzyszewski, LAD 15 July 1990)

[Question] Have you noticed that the old, postcommunist groups of the left have received the formation of the Alliance for Democracy better than the Center Accord has?

[Answer] Anyone who follows the political enunciations of those groups has noticed it. One cannot be surprised since the program of the Accord and the declarations of Walesa show a different vision of a European political life, a different vision of the relations between being European and national culture, between Christianity and social life in Poland. While we accept the Vatican council teachings of the Church on the lay character of the state, we do not intend to resign from injecting Christian values into social life. Certainly for this reason, the postcommunist left sympathizes not with the Center Accord, but with the group mentioned. Its membership and repeated declarations of sympathy for social democracy understood in one way or another are also not without significance. [passage omitted]

*Maciej Letowski, journalist:*

(LAD 15 July 1990)

"Although Walesa's success is complete—he thwarted the attack on the [citizens] committees—the central problem of the shape of the pluralism which Walesa is demanding and of the path leading to it remains unresolved. The citizens committees, to be sure, resisted being transformed into majority groups, which Bujak wanted, and they did not become a new version of the Nonparty Bloc for Government Cooperation (BBWR), which the premier wanted, but they do not know what they are to do now. A sign of their doubts was their rejection of Najder's idea for the committees to be a forum for meetings among various political forces, a

midwife to the painful birth of democracy. In this way, the battle for the committees has not ended; the contest for influence and control over them has not ended. It would be good if as a result of this contest for the citizens' movement several clearly identified ideological and political orientations were formed. But that will take some time yet."

### Politics and Customs

The Associated Press on President Wojciech Jaruzelski's sense of humor: "President Jaruzelski, about whom it is said that he has no sense of humor, recognized on Friday (6 July—"P and C") the irony of fate when the premier removed all but one of the communists from the government. The long-time party leader, who agreed to hand the government over to Solidarity in 1989, was in parliament when Mazowiecki announced the resignations of three of the four communists in his cabinet. On seeing Minister Swiecicki in front of the parliament building, the president, who on Friday celebrated his 67 birthday, smiled and, shaking the minister's hand, joked, 'I see the final remains of the old system are doing well.'"

Zbigniew Bujak on the employee of the Security Service who captured him in May 1986: "It turns out the individual who found me is an electrician just like I am, but, as he claimed, he always had the soul of a militiaman. The conversation was one between outstanding specialists: one at hiding, the other at finding. I asked him how many specialists there are in the ministry of the same quality as he is. In his opinion there are no more than 100. I assured him that I will recommend him to our minister of internal affairs." [passage omitted]

Dariusz Fikus in an interview for the Poznan weekly WPROST explained that he is not associated with the Center Accord: "Because I did not receive an invitation. If I had received one, I would have gone, but I would not have joined. They offend me, chiefly with their black-and-white way of reacting to the world, with their obsessions. Jacek Maziarski, who was intensely engaged in the formation of the Center Accord, remains a great friend of mine, but what he is doing now, for me, borders on a kind of political deviation." [passage omitted]

TYGODNIK GDANSKI reports: "27 June 1990, during a meeting at the market square in Lebork, a drunken unemployed man threw two tomatoes at Walesa, ssing with both. To be sure, he was immediately pacified by the security officers who dragged the hoarse man to the patrol car by the scruff of his neck, but that provoked shouts from the crowd: 'Your must bear the Mother of God in your hearts and not on your lapel.'"

GAZETA WSPOLNA, a biweekly published by the deputy's club of the Polish Social Democratic Union (PUSd), prints anecdotes "From a Deputy's Notebook." Here is one: "Deputy Marshal Tadeusz Fiszbach, presiding over plenary deliberations, at one point issued the following order: 'Deputy Szymanski, please investigate the reporting deputy.'"

PRZEDSWIT, the bulletin of the Union of Polish Communists (ZKP), prints a letter from an overhead-crane operator at the steelworks who supports accepting comrade Gierek into the Union and sends him greetings: "You made a lot of mistakes of tolerance and generosity. The opponent was too brutal. I respect you. Let us again together go against fire and water, and perhaps against the barrels of guns. Who knows?"

Father Alfons Skowronek (PRZEGLAD KATOLICKI) wonders what priests relieved of the duty of catechism will do (when religion returns to the schools): "The priests will finally be able to turn their attention to missionary work, which until now theoretically and even at times practically has lain fallow.... The parish priests, released of the teaching of children, will be able to turn—let us not fear the phrase—to offensive pastoral care which will open a broad front to the masses standing outside the church."

Kornel Morawiecki (Fighting Solidarity (SW), recently of the Party of Freedom (PW)) asked by the OBSERWATOR WIELKOPOLSKI whether he has his people in parliament: "SW perhaps has its agents there, but I obviously cannot discuss it." [passage omitted]

#### **Rural Solidarity on Government's 'False' Understanding of Rural Needs**

90EP0826A Warsaw TYGODNIK ROLNIKOW  
SOLIDARNOSC in Polish No 30, 29 Jul 90 p 2

[Article by Gabriel Janowski, chairman, Rural Solidarity: "We Must Understand and Communicate With Each Other"]

[Text] It has come to the most serious tension and deadlock since the moment that our Solidarity government headed by Tadeusz Mazowiecki assumed power in Poland. However, the anxiety and tension that has been growing for months and finally the protests by farmers are not the only cause. What are the reasons for the recent events and frequently difficult and drastic decisions?

Not too long ago, we said that Poland's number one economic problem is a political one. A solution to the stored up inconsistencies and absurdities in economic life was not possible without political change. Today, the situation is exactly the opposite. The increasingly more difficult economic situation—much worse than had been expected, recession and a decline in the standard of living and finally, obstacles in the economic cycle—is resulting in growing political tension. In effect, they are the cause for the demands of "accelerating" and activating various quests and political groupings. After an undoubtedly most favorable resolution of the issue of democracy, liberty, sovereignty, respect for truth and human rights, the economic problem has become our number one problem.

Farmers and Rural Solidarity have, for more than six months, pointed out the need for a different approach to

the economy and agriculture which, in particular, due to its very nature, requires a different type of treatment than other areas of the economy, i.e., industry, services or, especially, trade. This fact made its way to the awareness of those in power and to economic practice with a dreadful delay. In rural areas, difficulties exceeding the level of necessary and possible sacrifices increased. It was becoming gradually obvious to farmers that the very foundations of the farms were beginning to be threatened.

How is a farmer to understand the reform who for months has not been paid for his milk by an overly debt-ridden and financially strained cooperative (and there were and are scores of such cooperatives), who cannot sell even a quintal of grain, and who must pay off many millions in debts resulting from interest and other money owing to the state? He cannot even draw credit based on expected sales because it is too expensive. At the same time, the price scissors stand open to an incredible degree. Agricultural prices are falling whereas the cost of the means of production is growing. During the year, one of the fertilizers, superphosphate, has increased in price tenfold in relation to milk and a fodder mix, more than fivefold. A year ago, it was necessary to produce 7 liters of milk per 1 liter of herbicide and currently, 43 liters of milk are needed! And this is if they pay for this milk. And if not? It requires twice as much grain to buy a tractor or plow but more than three times as much to buy a spraying machine. Fuel has increased repeatedly. What are farmers to buy these with? With what, if they are not buying grain? Agriculture has survived this spring owing to the economical instinct of farmers who stocked up on supplies and who bought at the old prices. But these [prices] are coming to an end. Only speculators, who deal in grain in a way enabling the making of fortunes, have money. They do this untaxed, without penalty, and in full view of everyone. A free market.

Rural Solidarity, other unions, and peasant parties came on the scene. None of the problems, from those genuinely difficult ones such as developing the principles of agricultural policy, through the easy ones such as moving the due date for the payment of ZUS [Social Security Agency] premiums till "after the harvest," all the way to those requiring only goodwill and understanding such as enabling the Union unhindered presentation of their problems on TV, were capable of being settled by way of discussion and negotiation. Readiness to cooperate on the part of our Union was ignored whereas our arguments and proposals were rejected. The government displayed an astounding lack of imagination by ignoring our repeatedly presented warnings about the public mood in rural areas and about its lack of understanding and support for its policies.

Tension and anxiety grew and consecutive, impulsive and dangerous protests controlled by no one broke out in Miedzyrzecze, Mlawa, and in the ministry. Warnings and proposals from NSZZ [Independent Self-Governing Trade Union] RI [Rural] Solidarity were met with no

response. Forbearing arguments to the tone of "the government is not for buying potatoes" gradually replaced accusations of anarchy, and they finally resorted to force in the name of the defense of the law of the land. Meanwhile, farmers attacked neither the law nor the state but only wanted to feed the public and themselves. And this is what they defended. It came to a dramatic situation of a mutual lack of understanding and social misunderstanding to which the television medium contributed to a large degree by consistently protecting itself to the end from the voice of the peasants. Driven to the point of rage, the desperate farmers, members of the NSZZ RI Solidarity National Council announced a national strike—a road blockade. They did not see any other chance for reaching public opinion and making it sensitive to what was happening in rural areas.

As the conflict intensified so did the prevailing tone in the public mass media and in the government propaganda. It came to the spreading of thoroughly false defamatory charges that the farmers were allegedly the cause of food increases with their proposals or that they "took" money intended for teachers, nurses, and construction purposes. Placing the problem in this light is not only, to put it mildly, dishonest because our proposals were not of that kind, but also antagonizes the public, arouses distrust and outright hostility toward farmers. Is it the intention to hurl the blame for the state of affairs in the country on the peasants? "Divide and govern?" These are harsh words, I admit, but what purpose do "cloaked" truths serve?

The fundamental principle of law and common decency which dictates that we should hear out the arguments of the other side was broken. They talked about us, and unfavorably so, without us. People (not in the cities but in rural areas) see, judge, and feel this very painfully. Although neither the end nor the circumstances justify the means, and our decision to take an active step against such government policy was made with the greatest difficulty and hesitation, it is surely difficult not to admit that the Union has thus far displayed considerable patience and restraint. At the same time, we are not exempt not only from the responsibility of observing the law and supporting the first democratic government in our part of Europe but also from concern for the shape of Polish reality, particularly the economy and agricultural policy.

If farmers were to trust proposals proceeding from the government authorities, as is expected by a significant part of the misinformed and confused urban public opinion and, as we see it, by the government, then we would inevitably have to limit production quite drastically, not out of ill will but due to a lack of funds for the purchase of fertilizer, fuel, and services. How would our food supply market look then? And the prices? Exports? And this is the first reason for our demonstrations. We

have left the second issue—the question whether rural families should, as others, have the right to a subsistence level—up to the judgement of public opinion.

The proposal made by farmers of introducing minimum prices essentially came down to the guaranteeing of the following two things: continuity of production (and a selling market) as well as a subsistence level. This is not, despite what, for example, GAZETA WYBORCZA had written, our only or main "economic intent." In the draft plan of the farming policy program, which we submitted several weeks ago to, among others, the administration of the Ministry of Agriculture and the experts at the World Bank, we presented the entire proposal of solutions in the area of agricultural policy pointing out minimum prices as one of the immediate, interventionist instruments of functioning on the market. We demand that it be introduced in a situation where other [measures] are applied with a delay, only partially, or are insufficient and ineffective in such a situation. We are not avoiding the question, even though it is posed in such a primitive and provocative fashion, from whom are you taking away [state revenues]? Budget revenues should be built up—and this is the desired goal—by reaching to a greater extent into the pockets of those better off as well as farmers. And this is the essence of "capitalism with a human face" which has demonstrated its capabilities in terms of growth and self-defense against crises.

Maintaining at least a minimum level of rhythmic flow and prospects for farm production is a basic condition for keeping our economy alive and for gaining time to activate, energize, restructure, and adapt it to the necessary potential, needs, and requirements. This requires genuine thought and conscious action.

We are hoping that after these difficult and painful for all experiences of the new, developing democracy, the road to honest dialogue and to the joint search for solutions will be wide open. We must understand and communicate with each other.

Our experiences, be they success or defeat, will decide not only about Poland's fate—something that we all feel—but will also have an international dimension, especially in the area of agriculture. Our neighbors will not go the way of "farmerization" or "bauerization" [baueryzacja] in the process of decollectivization, but the same road as that travelled by Poland awaits them because they will have to come out of a similar system, although from a much more difficult situation. Being aware of the gravity of the moment and the burden of responsibility, we are ready to continue cooperating in solving our homeland's problems, in building prosperity, and in searching for such roads of the future that lead to growth. And, according to the words of the Holy Father, growth is a condition of peace.

## YUGOSLAVIA

### Zagreb Paper Blames HDZ for Knin Events

90BA0301A Zagreb DANAS in Serbo-Croatian  
28 Aug 90 p 25

[Article by Ivo Goldstein: "What People Are Keeping Quiet About"]

[Text] Did everything in Knin and its vicinity have to happen the way it did? Could we have avoided having people carry weapons in public and block the roads? It seems to me that both sides in the dispute could have behaved more appropriately. They should not be put on the same level, however: The SDS [Serbian Democratic Party] and the alleged defenders of the interests of all Serbs in Croatia have expressed themselves during the past month in uncivilized and incendiary statements, and finally supported and encouraged the seizure and public carrying of weapons and the blockade of the roads, and spread false news, for which they would have been prosecuted in any West European country. It is not necessary to waste words on the manipulators, instigators, and "great plotters" outside of Croatia, the planners of the revolt.

On the other hand, the Croatian authorities mostly adhered to the democratic rules of the game, but did they respond as well as possible? If it is true that politics is the art of the possible, and that it is often necessary to go toward the goal (which apparently the authorities and I have in common—a sovereign Croatia of free individuals) by roundabout paths known only to political operators, then it must be said that they could have responded better. The success of action is not measured by intentions, but by results, and they are not splendid; everyone is afraid, and all sorts of damage is immeasurable. Admittedly, if the Croatian authorities had responded differently, the revolt would probably still have taken place, but I maintain that there would have been much less chaos, and it would have been more comical than tragic, absurd for the rebels, and less frightening for the public.

In the election campaign, the leaders of the HDZ [Croatian Democratic Community] uttered words which could have aroused discomfort and fear in Serbs. After the election, there were fewer and fewer such statements, but then there should have been talks with the Serbs. The authorities sought a public display of their popularity, and so they went to places where they were applauded—to Dubrovnik and to Sinj, western Hercegovina, and Pag, but not to Obrovac, Benkovic, and Knin, or to any other "Serbian" opstina. As no one came, distrust, logically, grew.

So far the new government has concerned itself with outward insignia, and not with fundamental matters. The flag and the seal could have waited for some month when the situation had calmed down a little. The Serbs can be won over only by economic measures and by raising their standard of living, but displaying what to

them are Ustasa insignia only challenges them (and who will convince them otherwise now?). There have not been any economic measures, unless you count the greater disparity in taxes on private individuals and the doubling of the salaries of republic officials. Ostentation and outward splendor are being sought. The idea of founding a guard modeled after those in London and Rome, for instance, is too expensive, and does not have any justification in tradition. The present government has not renounced the privileges enjoyed by the old one; all the villas and automobiles are still there, and a BMW presented as a gift, worth DM 350,00, has also arrived. That money could have been redirected to where it was needed more, with statesmanlike wisdom.

The increasingly more intensive political discussions that have started about the recent and distant past, and the Independent State of Croatia, are completely unnecessary and counterproductive. They distract people from the real problems, and give rise to terrible animosities among those who have dark memories of the Independent State of Croatia. If people are going to dig up the past, it should be done with a little more knowledge and a little less desire to use the new ideas in politics.

All of that could have enraged the Serbs—and then the referendum was announced. The government's main mistake was that it let the other side take the initiative entirely. It only asserted that there would not and could not be a referendum, and that it would use all "constitutional and legal means." Stipe Mesic stated, "What we were announcing has happened." If that is the case, why did they let themselves be taken in so easily by a referendum that only concealed the essence of what was happening and the key goals, especially when it was clear that the referendum had been organized in such an unbelievably slipshod manner that even the most well-intentioned assessments would have to consider it formally and legally invalid? Antun Vrdoljak's announcement that "We will make arrests, if necessary" should not have happened, because it was politically unreasonable and not within his jurisdiction, but that of the public prosecutor and the militia—not to mention what is indicated about that "determination" by the fact that the referendum nevertheless took place, and that it did so even in Rijeka (8.4 percent Serbs and 67.4 percent Croats) and Slunj (29.5 percent Serbs and 59.9 percent Croats), and was even announced in Zagreb. Then came the attempt to take down the Cyrillic signs on the road near Knin, and the disarming of the militia reservists. The Serbs had to become frightened, since they know quite well how "constitutional and legal means" are being used to calm the situation in Kosovo.

The Croatian authorities should have taken into account the mentality of those people—living on the border with Turkey for a hundred years, the myth of Serbian heroism, the even fresher memories of Ustasa crimes, the information blockade with respect to Zagreb, and their suspicion of everything coming out of Zagreb (wrongly, but that is the case). Finally, they should have taken into account the fact that the Serbs were already so irritated

by all of this that it only took a match from the "great plotters" for them to take up arms and head for the barricades.

Consequently, in this situation a high-level Croatian delegation should have gone to Knin and talked with the opstina committee members. In my opinion, this should have been said: "Hold your referendum; no one is forbidding you to do it, but the procedure for holding it, the results, and their significance will be discussed in the Assembly, so it can decide. On the other hand, no one is touching your national rights. We are also offering you development: The construction of the Adriatic Highway, part of which passes through the Obrovac and Benkovac opstinas, is beginning; we will encourage agriculture, etc." At the same time the SFRY Presidency and the Yugoslav National Army should have been informed earlier, and public support should have been sought; it would have been present, without the banning of the referendum. Then any violation of the law would have to have encountered unanimous condemnation (Jovic should also have been pushed to the wall: Since he received a delegation of Serbs, he should also have been sent a delegation of Croats, so that they could also tell him about the danger they were in, naturally, not by rote, but with figures). Perhaps one of the members of the SFRY Presidency should also have been brought to Knin. That would have clipped the wings of both the direct participants and those in the shadows a bit, and the question is how things would have gone then.

Now everyone has to try to calm the situation; the petitions about the undesirability of certain Serbs in Croatian areas are completely wrong and are not bringing us closer to our goal. Peace will prevail only when everyone—the government, the Croats, and the Serbs—understands that the "Croats" did not replace the "communists" in power, but rather, "democracy" came, the same for everyone, not a mother for some and a stepmother for others, and that now only tolerance, patience, respect, and talks are in action. It should be hoped that in this region of ours as well, politics will someday become the careful position game of a grand master, and not might makes right.

Finally, I will also give an answer to why I am writing this: Since the new government came to power, some of its critics have experienced various types of unpleasantness, and so they are ceasing to criticize. That should be stopped, since the more serious the situation is, the more necessary criticism is and the more hidden the real solutions are, and democratic governments will often find them only with the aid of merciless critics with the best of intentions.

### **Serbian, Russian Republics To Form Friendship Society**

90BA0299A Belgrade DUGA in Serbo-Croatian  
4-17 Aug 90 pp 22-23

[Interview with Dr. Veselin Djuretic, historian and initiator of the formation of the Serbo-Russian Friendship

Society, by Olivera Mitrovic; place and date not given: "The Serbs and the Russians Once Again"]

[Text] A month ago there was an initiative in Belgrade to establish the Serbo-Russian Friendship Society. In the meantime, summit talks have also begun concerning economic cooperation between Serbia and the RSFSR (Russian Federation). In Moscow, there was a meeting between Ivan Silayev, Russian prime minister, and Dr. Stanko Radmilovic, Serbian prime minister. It was stated in the communique concerning the talks that the prime ministers of the two largest republics—in the Soviet Union and in Yugoslavia—actually began intensive preparation on both sides to promote more complicated forms of international economic cooperation, and actually they are setting the tone and making the breakthroughs in overall economic cooperation between Yugoslavia and the Soviet Union. The final round of talks is planned in October.

The Founding Assembly of the Serbo-Russian Friendship Society will also be held in October in Belgrade. What is involved here? The subject of our interview is Dr. Veselin Djuretic, one of the leading Serbian historians, and the initiator of the formation of the Serbo-Russian Friendship Society.

"That is right," Dr. Djuretic said, "the founding assembly will be in October. It so happened that I initiated this idea back at the beginning of last year in Moscow and in a way brought it up to date in meetings with numerous Russian intellectuals, especially in the Society of Slavic Language and Slavic Cultures. Dr. Nikola Popovic, a colleague of mine, and the poet Zoran Kostic, also worked on it from their own angles.

### **Spontaneous Enthusiasm**

[Mitrovic] How has the idea of forming the society been received among Serbian intellectuals?

[Djuretic] The initiators of the idea have consulted only a small number of intellectuals and have encountered wholehearted approval. They included D. Maksimovic, D. Cosic, R. Bakocevic, A. Isakovic, P. Ivic, Z. Saramandic, P. Opacic, D. Mihailovic, S. Skoko, D. Cupic, B. "Mihiz" Mihailovic, and others. When the names of some of the initiators were published in the press, I received a great many telephone calls from friends, insulted that I did not include them and did not ask their consent.

During the celebration of St. Vitus Day in the Dalmatian Kosovo, when I announced the creation of the Serbo-Russian Friendship Society, there was a spontaneous outburst of applause from the tens of thousands who were present. They know about the society there in Knin already, and Prof. Misa Uros is the man who will head the chapter for northern Dalmatia.

[Mitrovic] In the meeting of the initiating committee in Belgrade, there was discussion about restricting the number of members. Why was that?

[Djuretic] Yes, there was. But that is for practical organizational reasons. On that occasion, a representative of the humanitarian organization "Solidarity" conveyed the desire of the leaders of all its chapters that their members also be members of the society, and it was a question of enrolling several tens of thousands of people. The discussion in the meeting of the initiating committee had to do with how the activity of so many people could be organized. At that meeting, Zivan Saramandic made a good proposal that the annual assembly also be a top-level cultural event in which major Russian and Serbian figures would participate.

[Mitrovic] You foresaw inviting Solzhenitsyn, Brodskiy, Voinovic, and others?

[Djuretic] That is the proposal of the working group, and in mid-September it will present it to the initiating committee. Certain great cultural figures will probably also be invited from the Soviet Union, those, of course, who truly personify both the creativity of the people and national sovereignty. The initiating committee, unfortunately, does not have the necessary financial resources to pay traveling and other expenses, so that those invited, if they agree to participate, will have to pay their traveling and living expenses. It is expected that one of the largest Belgrade halls will be made available to us without payment to hold the assembly, or it will be paid by enterprises which have fruitful business relations with Russia.

#### **A Bridge Between Two Civilizations**

[Mitrovic] Do you believe that Solzhenitsyn and the others will come to Belgrade?

[Djuretic] You have probably seen in my statement that we are not turning to the "old Russia," that Stalinist Russia which caused us great misfortunes; it did so objectively, without being aware that in a sense it was operating along the line of both anti-Serb, anti-Slav, and anti-Orthodox strategy. We are turning to the new Russia, a combination of rich tradition and social democracy, which is just being born. Surely, this goal of ours is the same one to which Solzhenitsyn has devoted his entire career and his life. In making his decision, that intelligent man will without any doubt bear in mind a constant of Serbo-Russian relations of all times: Down through the centuries, the Serbs were a bridge between Byzantine civilization and Kiev Russia (later, Great Russia, Little Russia (the Ukraine), and White Russia).

[Mitrovic] In your statement, you were referring to Serbism as a whole and you appealed to Russia as a whole. Isn't the basis for that disputable today in both cases?

[Djuretic] The society is to be a cultural organization, outside parties and ideology, a nongovernmental organization. For that reason, it seems to me, it is natural that it be organized at the level of the cultural-historical totality of the two peoples, especially if a move is made from that position into new cooperation, if it confirms

what is complementary in a spiritual sense, and if it develops new forms of relationships. If our point of departure is acceptance of national-surrogate categories implemented in the name of some "internationalism," we would dissolve into the ideological rut of the old thinking and calculated "national"-ideological organization. During my visit to Moscow last year, when I was commenting on the activity program of a Slavic cultural association, I emphasized that by contrast with the Anglo-Saxon approach, the latter-day organizational strategy of both the Russians and Serbs has actually been that of separation and opposition of their cultural and historical specificities. I said that both our and their present definitions of the "national" are so narrow that they inevitably result in a spiritual impoverishment and still broader separations and conflicts in the future. I think that our society should not pursue that kind of ideological reasoning.

[Mitrovic] Nevertheless, what has been happening in the Soviet Union these past days is not in line with those expectations?

[Djuretic] I hope that the expressions and organization of national sovereignty in the Slavic part of that country which are now taking part do not necessarily signify a new bureaucratic organization and absolutization of cultural-historical peculiarities. I think that it is a question of a transient reaction to the dictatorial centralistic situation that has prevailed up to now, in which the "national" medium has been acquiring the significance of the "essence" of life, getting projected onto human and civil rights and freedoms. The contradictions that arose out of the Stalinist deformations of the socialist model were reduced to national contradictions and thereby mystified and neutralized. As soon as the issue of national sovereignty is functionally transferred to the plane of human liberties, to civil and human rights, a process begins of disappearance of national and all other "limitations" of that right. I am only afraid that the national boundaries that have already been created as some higher expressions of freedom and sovereignty will perpetuate their life indefinitely, as exclusive frameworks of self-sufficiency—within the framework of the bureaucratic conception of the ethnic.

#### **Stultification and Deethnicization**

[Mitrovic] I think it is difficult to jump over those enclosures even in our case?

[Djuretic] Perhaps even much more difficult than in the Russian case, since with them the church, although to a large extent destroyed, nevertheless retained its traditional cohesive role for all three Slavic parts of Russia, except to some extent in the western Ukraine, which has been Uniated and set in opposition to the Russian (Ukrainian) ethnic identity. Hasn't there been a new process with the Serbs as well, a reassessment on the basis of experience down through the centuries, which is already summing up and distinguishing the essential as opposed to the nonessential? In the Serbian case, the

essential is the very rich ethnic spiritual basis and historical consciousness based on it, which is older than both the religious features and the present ruins of Serbism, and stronger even than the "neoethnic entities" derived from them under the "red" flag. Ideologized sociologists, pressured by political conditions which drove them to opportunistic behavior, have even given these latter some historical meaning by means of the special separation of the terms "nationality" and "ethnic minority," thereby preventing the artificial boundaries from dissolving into an absurdity of intellectual poverty. It seems to me that this new process is unrestrainable. But a systematic cultural-historical and sociopolitical operationalization of the historical facts concerning the ethnic and spiritual unity of Serbs in all three faiths would seem to be necessary if it is to arrive at a real result.

The path toward that unity is being cleared by the new politics of Serbia, that politics which is abandoning the old framework of perceiving both its own role and that of Serbism as a whole. It has already drawn conclusions from the lengthy and stupid anational position in which Serbs of Orthodox, Muslim, and Catholic faith have been abandoned first to Macek-Subasic and then Titoist social experiments of stultification and deethnicization.

#### Fatal Symmetries

[Mitrovic] Europe obviously does not want to understand that?

[Djuretic] I emphasized that fact in an interview which I gave somewhere around 10 July with Jan Trainor, correspondent of THE GUARDIAN for Eastern and Central Europe, which was published the other day. On that occasion, I said that the West is still being taken in by tricks based on certain formal expressions of Serbian "communist iconography," that it is being taken in by that since it does not understand the main thing: That in recent years Yugoslavia has been the arena of a struggle between the Titoist-Stalinist forces which want to keep in the dim shadows the net of neutralization and destruction that has been thrown over Serbia, and the particular Serbian liberation movement which is trying to throw off that net and is already managing to do so. The former are seeking and finding points of support to compromise the Serbian movement, seeking and finding them both with ideological bigots, with those individuals who realized their own human "individuality" at the expense of the revolution, and want to preserve it at the expense of their people. Some of those spokesmen distressed me greatly at the Founding Congress of the Socialist Party of Serbia. Especially one of them, who, as though nothing had happened in the meantime, was reasoning in the spirit of the "ongoing civil war," with the blessing of all the Serbian evildoers. He reduced the wartime tortures and troubles of our nationality in Dalmatia and other regions to the behavior of distinguished figures (General Nedic, Mihailovic, and Djujic), and he completely separated that behavior from the Serbian existential context, from

the situation in which reliance on the Italians for salvation was the correct and moral policy. Such people, unless they are removed from the political scene, will be constantly reiterating the sanctified deceptions to the effect that only the Serbs think in the categories of a war that has long been over. They have already cast a shadow on those vital parts of the program of the Socialist Party which in their humanism and democratic spirit can be measured against the greatest ideological achievements. These "revolutionaries" could confirm suspicions that the new party is actually the old one, since it has made it possible for the Titoists to reorganize on the side of the new official policy. In this way, the world could be deceived once again and encouraged not to look for the true Titoists in the ranks of those non-Serb circles which even today, near the end of the 20th century, are conducting a policy of shutting off hundreds of thousands of Serbs in the framework of assimilation in Dalmatia, Lika, Banije, Kordun, Slavonia, and Baranja, but rather will once again look for them among the Serbs.

If we judge the wartime maneuvering of the nationalistic leaders, which took place between the knife wielded by the Ustashi, Titoist "brotherhood and unity," and refuge with the occupier (Italian) as a salvation as "collaboration with the occupier," why should we not then treat the floundering of the Serbian leaders in those regions (Raskovic, Babic, and others) as they try to tear off the Titoist net of disenfranchisement and assimilation as a "collaborationist" (toward the Serbian parent nationality) and destructive (of Tito's Yugoslavia) policy? I think that the time has come to clear the pathways of scholarship entirely of those "custodians of the revolution" who are creating the impression that the Serbs will free themselves of deceptions from abroad more easily than the domestic "vanguardists."

It is because of that realization that I have felt particularly affected when today even certain important British figures have confirmed the basic views of my "debatable" book about the anti-Serb game with that great country (Michael Lees, *The Rape of Serbia*).

#### Separation and Opposition

[Mitrovic] You expounded this dimension of Serbian-Italian relations during the war in the Dalmatian Kosovo and you met with approval?

[Djuretic] Yes, I said what was historically incontestable. I emphasized that we cannot judge the Italian policy toward the Serbs during the war to be one of calculation (it was calculating in the anti-Croat game it played with the Reich), but we must openly say that when it came to the life and death of hundreds of thousands of innocent people, that kind of "calculation" is an elevated moral policy.

[Mitrovic] Since the point of departure of our interview was the Serbo-Russian Friendship Society, I think it would be good for us to end the interview with a question that has to do with the main topic. Does it not seem to you that the anti-Serb manipulators can use even your

plan to effectuate the old tricks about the "still dangerous Serbo-Russian axis"?

[Djuretic] They will try that, but I see no possibility of any particular success. Russia is not what it was yesterday, and even the West already realizes the essence of the great Yugoslav crossroads. I am convinced that we will no longer hear from those underlying arguments of Soviet policy when in the stereotypical ideological fog filled with rhetorical phrases about "Serbian expansionist hegemony," about its wartime and postwar "continuity," they were unable to see either that the Serbian people was exalted with the idea of Yugoslavism, or its heroism during the war in the name of "freedom" and "in the name of the new Russia"; nor was it possible to see its suffering, its genocidal sufferings, both during and after the war. One can also hope that we will no longer hear from those underlying arguments of a policy which in an atmosphere of an inappropriate symmetry of Yugoslav ethnic relations imposed on it, did not see a

people which was rushing into the fight and singing and dying for freedom and democracy, often with Russia on its lips: under various flags.

When it comes to the relations of friendship, I do not think it is even necessary to say that this is a road toward a great act, one which imposes an obligation of full tolerance, understanding, fellow feeling in good times and bad, and forgiveness; these are relations which preclude short-term political calculations. Perhaps it should be emphasized on this occasion that in the postwar period those things which divide two kindred peoples and sets them in opposition to one another have been systematically emphasized and put to political use, that certain historical facts have even been falsified, while on the other hand, in Russia, a sterile "internationalism" has denuded the tradition, simply ideologized historical consciousness, displaced magnanimity, in short, has driven us further apart.

The renewal of friendship of two kindred peoples on a natural and human foundation is a goal older than all the regimes and all the policies.



## HUNGARY

## Antall Proposes New Security Organization

## New Regional Union Envisioned

90CH0442A Budapest MAGYAR HIRLAP  
in Hungarian 3 Sep 90 p 2

[Article by diplomatic correspondent Denes Gyapay: "Jozsef Antal's Helsinki Press Conference—Cohesive Force in the Coalition"]

[Excerpts] [passage omitted] In a press briefing just before his [1 Sep] departure from Helsinki, Antal assessed the results of his trip to Helsinki. [passage omitted]

To prevent possible misunderstanding and to clarify misinterpretations, Antal repeated in detail at the press conference the proposal he made at the European Democratic Union [EDU] conference concerning the establishment of a Central-East European Union. "Under no means do we want to establish an alternative [to Western organizations] as a result of the Central-East European Union. We continue to endeavor to establish close relations with the European Free Trade Association [EFTA] and with the Common Market. It is our hope that we will be linked to that organization by way of an agreement of association beginning in January 1992. This year we would like to become full-fledged members of the Council on Europe. The union I recommend would be a military-security organization established along the pattern of the West European Union. It would have a transitional character, it would be the loose association of Warsaw Pact member countries east of NATO, one that could later become a constituting element of the European security system. The West European Union performs its activities in the framework of NATO, which is free from internal problems; the possible union between Czechoslovakia, Poland and Hungary, which could be joined by other smaller countries later on, would operate in the framework of the Warsaw Pact which is in the process of disintegration and which Hungary proposes to discontinue. Quite naturally, we would reconcile the activities of the union with Western countries," the prime minister said. [passage omitted]

## Statement Corrected

90CH0442B Budapest MAGYAR HIRLAP  
in Hungarian 4 Sep 90 p 2

[Unattributed article: "The Hungarian Prime Minister on the East-Central European Union"]

[Excerpt] Cabinet spokesman Balazs Laszlo requested MAGYAR HIRLAP to publish the following:

The Monday issue of MAGYAR HIRLAP reported Prime Minister Jozsef Antal's Helsinki press conference under the heading "Cohesive Force in the Coalition." Unfortunately, regarding one essential point, the report was not only inaccurate, but also quoted the direct opposite of what the prime minister said concerning new diplomatic initiatives when responding to questions raised by the

Hungarian Radio. The newspaper report erroneously quoted the prime minister when it stated that the Central-East European Union proposed by him "would operate in the framework of the Warsaw Pact which is in the process of disintegrating and which Hungary proposes to discontinue." Considering the significance of this subject I will accurately quote the most significant statements made by the head of government, most of which was broadcast by the radio during its Sunday morning program VILAGORA ["World Clock"].

"I spoke of a Central-East European Union. It would do good if no one would misunderstand me in this regard. First of all, at issue is not a political union, and to an even lesser extent an economic union.... What I just mentioned is an organization expressly of a military security character, along the patterns of the West European Union.

"Our position, which justifies discontinuation of the Warsaw (Pact) military organization, is known.... We do not predict a long life for the Warsaw military organization, but we want to leave that organization by the end of next year by all means. I believe that there will be other countries which join us in this action.... I have in mind the countries of the region to the east of the NATO countries, a place where in the military sense a vacuum could easily evolve, quite naturally the Czech and Slovak Federal Republic and Poland, besides Hungary, insofar as these countries would agree.... the big problem of the Warsaw Pact is that outside the Soviet Union, political and historical development took a course in these countries which in part differs from the Soviet Union as a whole.

"If we could establish here in this region such a Central-East European Union, which actually would correspond exactly with the West European Union except for the major difference that the West European Union has close relations with NATO...such a military organization could be organized in the area west of the Soviet Union; quite naturally it would be a loose, consultative organization similar to the West European Union; later on it would be conceivable that the West European Union and that a certain Central-East European Union would approach each other, and later could jointly become parts of a European defense alliance." [passage omitted]

## YUGOSLAVIA

## Insufficient Funding for Military Deplored

90BA0272A Belgrade NIN in Serbo-Croatian 27 Jul 90  
pp 24-25

[Article by Aleksandar Ciric: "Bread—The Fate of the Army"]

[Text] The interest of the public in the Army is subject to facts that some learned people consider the genetic inheritance of the human kind. Regardless of this, the range of this interest has always simply varied from topgun types (which airplanes does the Army fly, how does its uniform fit, are ours nicer than theirs, etc.) to

confusion—and the need to find out what the Army “really” thinks. The Yugoslav National Army (JNA) has for decades enjoyed the general love and favor of the public as a whole. During recent years or, more accurately, during the last few stormy months, it has been forced to grapple with a new type of public curiosity—and with a new public role of a political nature on, and it wouldn’t be superfluous to emphasize once again, a public political scene.

It is clear that in a context where some disheveled person jumps out now and then who is obsessed with the idea of his own army (national, minority, volunteer, “a guard of national sovereignty” or even some other), for veterans associations of every type and background to accept violence as a way of life. There is simply no interest in or time for the question of how one really lives in the army. The standard mistake has always been to assume that one looks at the army as something that by definition either does not have its own internal problems or, if it does, effectively resolves them. In a specific situation, this means that hardly anyone outside the Army is seriously interested in how its professional “members” live. And this is a thing that, much more than political slogans, determines what happens with the Army—and how.

#### Talk of Numbers

Even a routine accusation concerns the clumsiness of the Army and corresponding inertia, high costs, and inefficiency. A quick look at the facts, however, does not justify the representatives of the charges. In the past five years the combat army has been reduced in size by 23 percent and the peacetime army by 19 percent. At the same time the share of funds allocated for the JNA from national revenues has dropped from 5.2 percent (1986) to 4.21 percent (1988), and to a very approximate 4.6 percent this year (1990). In absolute figures, this means an average of 2.5 billion dollars annually, the same as in Greece, or the equivalent of 18 billion dollars in Italy.

To all this should be added the continuing status quo in which the FEC [Federal Executive Council] and the JNA hold the republics of the still federated Yugoslavia from the standpoint of providing funds earmarked for defense. These types of arguments, to whatever extent they are not considered important in a typically Balkan way, also do not hold water. Otherwise the red flag would not be waved so persistently in front of the voters’ noses in regard to the enormous expenditures for the Army, as Janez Jansa, newly appointed republic minister of defense, is doing in Slovenia. The “inadmissible” eight percent of the national revenues of Slovenia slated for the JNA has in fact been shown to be 4.6 percent, one-third less than the political “estimate,” and at least three times less than the allocations that Slovenia, i.e., its citizens, would incur if it established its own army.

The average daily deficit of the JNA this year has amounted to 1.5 to 2.3 billion dinars: The Federal Secretariat for National Defense (SSNO) considers that

even the introduction of a separate turnover tax on products and services (December 1989) has not resolved the problem of stable financing of defense. The rejection in the Federal Assembly of the FEC’s proposal for balancing the budget and for the temporary nature of the separate tax is bordering on illegality; the worst kind of illegality, it could be added. Under these circumstances and with that amount of funds, the JNA is devoting an increasing share of its money to regular activities and to simply maintaining itself: food, clothing, medical care and housing for soldiers, pay for the permanent units of the Army, repair and upkeep of equipment. In other words, this means that less than one-third (and increasingly less than one-third) of available funds remain for development, armament, and equipment.

Relative amounts are perhaps not a clear enough indication, but they are definitive proof that the golden times of “officers’ stores,” resolution of problems (housing, pay, employment of spouses, for example) and providing for a secure future are gone forever. Military retirees, just like civilians, have recently been fearing whether they will have reason to tip the postman, and if so, when.

#### Mobile Status

As fully expected, the SSNO does not take into consideration the fact that under the changed social conditions active and civilian persons employed in the JNA have remained without some benefits, because they have never had them, according to the same source. One speaks more readily about the fact that some rights have been curtailed for professionals in the Army (special supplements, pay lagging behind civilian pay, etc.). With this month’s increases, pay in the JNA varies from 4,450 (sergeants) to 13,585 dinars (lieutenant generals—including retirement.) Veljko Kadjevic, as federal secretary, receives the most this month, 13,923 dinars, also with retirement figured in. The range of pay (one to three) is just about right for the ideally conceived “social” society. It is somewhat greater (one to 5.7) among civilians serving in the JNA; from 1,700 (unskilled worker) to 9,829 (the corresponding scale for the highly skilled), but depends on the region and the activity, because it is figured according to salaries in the economy of a certain republic or area. In general, pay in the JNA primarily involves small sums, especially if we do not lose sight of the fact that there are incomparably fewer generals, however many there may be, than sergeants, lieutenants or captains, i.e., that most of those working in the JNA fall into the lower half of salary groups or classes, whichever you prefer.

Only two or three of the best in a class from some of the military academies can choose a first-rate place to serve; the rest are left with who knows what. However, this is just the first step on the road to a permanent transfer, which regulations limit to six at the most in an active duty career—but in practice there are at least 10 of them (or more). A JNA officer newly graduated into the “troops” is just mature enough for marriage, if he’s not already married: His (and her) problem is getting a

position nicer or better than the spouse's. In this respect, the Army is highly regarded—if we do not overlook the fact that this is a statistical average: two-thirds of spouses (66.5 percent) work and earn a salary. Nevertheless, this is a lower rate of employment than for married couples among civilians in the service (77.7 percent). Part of this difference can be attributed, with a certain probability, to the fact that the Army still pays extended social-retirement insurance, for up to six years, to spouses of officers transferred according to the needs of the service.

#### And Responsibility

A young married couple with at least one member serving in the Army can count on an apartment (the right to an apartment), to the if they are patient enough to wait six years and two months, which is the average time spent on the housing lists; a shorter time than for a "regular civilian," by the way. A married couple with one member on active military duty, if they are blessed with an apartment, is also entitled to a one-time compensation for furnishing it. If children arrive during the average of six years of waiting for an apartment, according to the laws on spending free time, the supplement for the newborn now amounts to 545 dinars apiece.

As for other conditions lagging behind those of better times, a lower cost for military leave (20 to 40 percent lower than for civilians in the same capacities) can be figured on. This year's compensation for annual leave amounts to 1,400 dinars. This is virtually nothing, since

the fortunate recipient is not provided with even a week's lodgings in a three-bed room in a category "B" hotel—all according to domestic standards and based on the resources of the military tourist organization.

This would be all, for the most part if, naturally, we do not include the deadly routine duties of troop officers, occasional mandatory assignment of living quarters, heavy and—at least since the Paracin massacre of September 1987—frightening responsibility, the obligation of obedience in all cases, but especially under undesirable or "irregular" circumstances, virtually no possibilities for changing duties (considering conditions of unemployment in civilian life, military pay is certainly a kind of comforting income), and, particularly typical for these unstable times, uncertainty in a basic personal feeling that, if nothing else, a necessary and essential job is being performed. What with the factors mentioned—current threats and portents of all types of "perspectives" can artificially be ignored, at least for the moment—the phenomenon observed as far back as three years ago, that interest in military schools is growing, if slightly, seems unusually positive in spite of the also indisputable fact that this is considerably less true in Slovenia, Croatia, and Kosovo than in other areas.

Without any type of malice, the question can be posed, not just rhetorically, whether those concerned would much more readily enter the ranks of professionals of some of "their own," i.e., their political leaders of the Army. And for what kind of money?

## BULGARIA

### Union of Democratic Forces Daily Explores Reasons for Rationing

90BA0265A Sofia DEMOKRATSIYA in Bulgarian  
23 Jul 90 p 2

[Article by Georgi Spasov and consultants, senior science associates, and candidates of economic sciences Ivan Kostov and Ivan Pushkarov: "Coupon System the Way to 'Military Communism,' Not to Social Justice; Way Out of Crisis Must Be Found but No New 'Cheopsian Pyramid' Built on Shoulders of Society"]

[Text] In an "Appeal to the Mayor and Citizens of Sofia and the Country," the "Listeners' Letters" Collective of Bulgarian Radio proposes that a coupon system be introduced in the capital for goods in short supply.

An accompanying letter sent to the central newspapers says, "Meat, sausages, milk and dairy products, soap, sugar and sugar products, oleomargarine, and even flour are harder and harder to find. Coffee and cocoa have not been glimpsed for months. At the same time, the producers and merchants assert that greater quantities are being made available than last year. Where are these goods?"

The appeal itself answers the question: "Our observations during the past few months show that hardly 20 percent of the goods coming on the market are purchased by the population. The remaining 80 percent drop out of sight in "invisible" ways. The first inference we can draw is that the problem lies not so much in the lack of goods as in the lack of organization for the goods to reach the official market.

The issuance of coupons requires the creation of such an organization but does not automatically create it. It does, however, result in complicating the system with at least three more echelons: an echelon that produces the coupons, an echelon that will distribute them, and an echelon that will distribute the goods to the stores so as to effect the desired meeting of good and coupon.

It is most imperative that a fourth echelon be created that will monitor the foregoing three and any appearance of counterfeit coupons.

There are two basic objections to the creation of this system: It is very complicated and very expensive, and, at the same time, it has no relevance to, nor does it result in, an increase in the production of goods, and this is the real problem.

Let me illustrate with an example. There is a shortage of milk and meat in Sofia. At the same time, in many places in the country, purchasing organizations cannot purchase milk and slaughter animals. The milk is thrown out and the animals wait. Result: a rise in the price of the output.

What is the problem? The state monopoly on purchasing!

But to return to coupons! For what kinds of goods will they be given? Most likely for the most necessary (given the "increasing shortage of 1,900 kinds of goods and 600 kinds of services," as the appeal says), for approximately 20. And the other 2,480? They will remain under the domination of speculation and the black market. That is why the second inference we can draw is that, despite the unbelievable complication and bureaucratization in supplying the population with the primary necessities, the introduction of coupons will not stop speculation and the black market.

What is more, it will make them easier. Instead of dealing in goods, the profiteers and black marketeers will begin dealing in coupons, which are easily counterfeited (coupons that are difficult to counterfeit will be very expensive), easily transportable, easy to conceal and to market.

That is why the introduction of the coupon system cannot be "the only way for minimal social justice," as indicated in the appeal of the Bulgarian Radio journalists. On the contrary, it will be an additional burden on the shoulders of the people who, as it is, are bearing more than one "Cheopsian pyramid" of bureaucratic institutions.

Is there a way out?

Yes, but not in returning to a repudiation of history and to an ignominiously foundering "military communism." Our way cannot be other than the way proved by world experience, and it is economic reform that will lead to a market economy.

The appeal says, "In practice, facilitated by shortsighted decisions, privatization in trade and services eats massively away at the population's marketable inventories." That is not at all accurate (for even in this sphere there is not complete privatization!), but can serve as the initial basis for our discussion. Only through privatization of the means of production that produce consumer goods can an increase be achieved in the quantity and quality of these goods. Against such privatization, however, the one-party BCP [Bulgarian Communist Party] government raised the demagogic preelection slogans "Workers, don't let them take your factories away from you!" and "Peasants, don't let them take your land away from you!," even though it is precisely state ownership thereof (the land is not state property, but the state in fact has disposition of it!) that puts workers and peasants into feudal bondage to the party and state bureaucracy.

The privatization of enterprises (they do not have to become the property of individuals; privatization can also be accomplished in the form of shares that can be bought preferentially, including a state loan at a low rate of interest, by the workers and employees in the selfsame enterprises!) and of land in the free market will enhance the personal concern of the work forces and peasantry to

produce more and a higher quality of goods that will begin to fill the "hole" in the shortage.

True, the shortage will initially make possible a rise in prices. This rise can, however, be controlled through taxes, wages, and social security benefits. The introduction of various indexes (as in all civilized countries) whereby the income of the so-called needy brackets of the population is regulated, will genuinely result in greater social justice than any kind of coupon system. Moreover, it will be a means of traversing the path to the stable market and a sound lev that are the most important conditions for the prosperity of society and security of the individual!

## CZECHOSLOVAKIA

### New Mindset for Countryside's Revival Deemed Necessary

90CH0368A Prague PRITOMNOST in Czech 4 Jun 90 p 5

[Article by Petr Prihoda: "A Cloud Over Our Countryside"]

[Text] Our countryside does not resemble the countryside, let us say, of Iceland where every farmer has the reputation of a poet or a classical philologist. A cloud of crassness hovers over our countryside. Some people think that this is only because people live there high on the hog, but that may not be true. The environment of our countryside is often drab and broken up and life there has a bitter taste. Nevertheless, whether you visit the fertile lowlands or the devastated areas in the border zone, material interests predominate everywhere and all other concerns have somehow evaporated. Ever since the end of the Thirty Year War, the style of life in our villages and hamlets used to develop smoothly. Only few people still recall—and those who do, do not like to remember—that after 1948 the unity of our countryside had been ruthlessly shattered and since then, it has never been restored.

Therefore, our countryside resembles a patient who some time ago had a stroke and never fully recovered. It was harnessed for monotonous drudgery and left with no other option but to obey. It even let itself to be persuaded how to look at the world and what to think about it. Just like any other human beings, it wants to get something out of life. It tries to the best of its abilities to achieve that. It clings to its vision of prosperity within its reach and wants to be left in peace.

The residents of villages and hamlets wish to conform to some standard of consumerism and in various places they even flaunt it. Unfortunately, other communities are not even trying. Many people own cars because without a car a villager feels as if he has no legs. Everything is too far from there. People got used to the fact that they depend on one another. Because their original sense of community could not be restored, their

neighborly relations degenerated into a self-help consumer parastructure. It is not possible to oppose anything because you can see what is on everybody else's table. Thus, the countryside became reconciled with the Communist monopoly whose exponents for a long time were local residents. After a while the self-help parastructure merged with the structure of the totalitarian power. Our villages and hamlets are controlled by their local mafia. It is not a happy picture, but nothing can be done to avoid it. People got used to it; they do not like to have anybody poking his nose in their own affairs. Today this putative idyll is clashing with what is called "the revolution." For whole decades nothing encouraging had occurred in the countryside. Its local culture had perished long before and was replaced by television. There are the "culthouses," also known as the halls of culture, but their premises in most instances are places strongly reeking of beer and urine.

The countryside, harnessed into agricultural large-scale production, is a parasite on nature; it has turned into one of the main destroyers of our environment. Its incredible squalor no longer bothers anyone—anyway, nothing can be done about it. The woods are withering, the land is losing the topsoil and absorbing poisons. Our countryside is turning into something halfway between a construction site and a garbage dump. Local people do not want to face that; they rather build sports grounds than waste water purification plants. Young people want to get out of there. And then some wise guy comes with harsh words about sleepers and parasites...

For that reason, clouds of uncertainty and dissatisfaction are drawing together over our countryside. What exactly do the loudmouths from Prague want? Those intellectuals, what tricks have they contrived again to make fools of us? People are quarreling and making personal insinuations; the situation is stuffy. Many people miss the peace and order. But who can be trusted? The party and the government are not what they used to be, and even in the Soviet Union the situation is quite precarious. Will someone take care of the poor waifs and stop harassing them with the restructuring and ecological programs? What if the interests of large-scale production and the anxiety in the weekend cottages are combined and by joint forces prevent any changes? So what if nitrites, biphenols, and cancer kill us? Give us a break! Who cares if after us comes the deluge?

This year, just before the spring, some successful carnival parades took place in various communities. That may be a silly diversion but also a harbinger of a turn toward the renewal of our countryside, of its togetherness and a sense of community. It will be a difficult task. In the bygone days the community used to have the comfort of its traditions, such as religious liturgy to bless the cycle of the agricultural year. There were all those young priests, choirmasters, and chroniclers of village life who used to bring culture to the countryside. All that is gone. However, there is no other solution but to start training future clergymen, choirmasters, and so on;

above all, our countryside must encourage those individuals who are brave enough to open a store or a workshop, who want to set up a specialized farm, who want to introduce innovations—in other words, entrepreneurship. At first, that will be an insult to the ingrained egalitarian sense but the community will bestir itself and in the end perhaps improve itself. Citizens should find in their midst individuals who are not too compromised by the past system and who still harbor some feelings for the community, its past, traditions, nature and of course, also for work. They should be elected mayors and under their guidance, the world of the countryside may be rediscovered, straightened up and managed.

In some places that was already done.

[Editors note] Petr Prihoda (1939), a psychiatrist and psychoanalyst, published a number of articles on psychotherapy and personality. In addition, he also dealt at length with certain issues of Czech society and Czech history, on which topics he published in emigre press numerous articles, among which his essays on February 1948 and on Sudeten German problems in particular attracted considerable attention.

#### **Expert Argues Against Preference for Past Models**

90CH0368B Prague PRITOMNOST in Czech 4 Jun 90  
p 5

[Article by Miroslav Tyl: "Agriculture at the Crossroads"]

[Text] During the last months of the stormy political developments we felt especially intensively the difference between our towns and our countryside. During the years of the Gorbachev era, the majority of our urban population began to discern with increasing clarity the outlines of fundamental changes in our country; the only question was, when and how will they start. At the end of 1989 our countryside, represented predominantly by unified agricultural cooperatives and state farms, was cautiously awaiting the reform of economic regulations for entrepreneurship within "socialist relations of production." The countryside had a controversial past in terms of politics and economy, including the 40 years of the rule of the CPCZ [Czechoslovak Communist Party] as well as the brief period from 1945 to 1948—a fateful time during which the countryside, at that time still the largest stratum of our population, had found itself without its own political representation. That was one of the reasons why in 1946 its radical part cast their votes for the CPCZ, and thus, decisively helped that party acquire a guise of legitimacy. Its share in the avalanche of violations of laws then started with its enthusiastic approval of the nationalization of land owned by the "kulaks" and of its allocation to "those who work on it." In economic terms, that allocation of land led, among other things, to a brief reduction of the average area of agricultural establishments and to their stagnating production at a time when comparable countries in the West

were launching a dynamic development of their agriculture. The consequent collectivization caught up with—and overtook—all capitalist states in average acreage of a single agricultural enterprise, which outwardly represented the "advantages of socialist production relations." For a long time those were the only "advantages," because it was not until 1959 that the gross volume of our agricultural production regained its 1937 level; that meant a lag of at least 15-years behind seven comparable Western states, which our agriculture was unable to make up or even reduce over the next twenty years.

Today the cooperative sector shares more than 60 percent, state farms more than 30 percent, and the private sector less than five percent of the entire cultivated area of our agricultural lands. The cooperative sector is cooperative in the name only because it has very little in common with any truly cooperative system, if we understand it in accordance with its most succinct definition as "freely associated landowners or shareholders who follow generally applicable regulations of entrepreneurship, who themselves stipulate the internal statutes of their cooperative, and who bear full responsibility for the results of its management...."

Will it be possible within the current structure to return to that type of cooperative (such as those organized in our country long before 1946)? Besides, who will want to return to them, and why?

Every step toward a market-oriented economy must first specify who the current landowners are, ascertain the legitimacy of their ownership rights, and give unconditional preference to ownership rights before users' rights. New ways to free cooperative associations may be planned only after such fundamental changes are made. There are at least two reasons for this particular procedure. On the one hand, legal claims of current and former owners cannot be denied, but even more important is the guarantee of greater productivity in general if all three forms of ownership are promoted.

In essence, there seem to be no doubts about the outlined model, including its solutions (except for the Marxist-Leninist ideology from which, however, nothing much has been heard thus far). It is a foregone conclusion that the inertia of the former system will find its advocates and that opportunistic objections of the "restructuring" type will continue: They would prefer to turn its current management into joint-stock companies before the landowners are identified...Let us paraphrase the most frequent arguments in favor of the existing order:

"The whole world is rapidly advancing toward concentration and specialization in agriculture which we have already achieved; in fact, we are a role model, with only some tiny flaws in productivity, yields, utility value and costs. Collective ownership was not always built with everybody's enthusiastic approval, but after 40 years we are basically accustomed to its conditions and have even adopted them as our own; many of those who used to

gripe about it have died; in short, the worst is behind us. Let us not underestimate the fact that we have plenty of food. Our 100-percent security and splendid care for the working people in our country are unparalleled in the world. Only a fool would take a gamble at private entrepreneurship with its actually twice as long work hours and constant uncertainty to boot. Our occasional trips to Austria have convinced us about the wretched situation of a small farmer who will not learn and who is ridiculously attached to his land and his livestock. From the technical view, nobody can straighten out the ownership of land, anyway; nobody can make any sense of it; it would be terribly expensive and who knows whether the remnants of the bourgeoisie might not demand rent from poor users (who often operate at a loss). In the end the bourgeois might even want to go hunting in their forests. The lately called-for laws on ownership, land, entrepreneurship and other such issues must be gone through with a fine comb; they surely cannot act in haste and change the basis of our existing constitutional relations to other principles so that practical entrepreneurship may have to veer this way and that in a jumbled terrain....

In this and an even broader spectrum of arguments and counterarguments appear four main political protagonists who have something to do with our countryside. From left to right, they are: the CPCZ; the Alliance of Farmers and the Countryside; the Civic Forum; and the Free Farmers Party. Their approaches are quite different. Already in December 1989 the influential lobby of the Agrokombinat JZD [unified agricultural cooperative] in Slusovice addressed to Valtr Komarek its recommendations that no economic changes be initiated before the elections. The Association of Cooperative Farmers, which took a similar, but more militant stand, tries to maintain the monopolistic position of the JZD's at any cost (but above all, to save its own structure by simply changing its name—it now calls itself the Agricultural Cooperative Union), even by threatening to boycott our food market. On the other hand, agricultural parties associated with the Civic Forum and the Free Farmers Party essentially demand a guarantee that for an unlimited period of time private entrepreneurship be made possible by means of return of land to its owners, whether they want to manage it individually or jointly.

I personally think that our state, which wasted hundreds of billions for the most extensive collectivization experiment in history, should, as much as its modest potential permits, encourage the attempt at a new prosperity by means of liberal laws, credit policies and temporary tax rebates. That should include the opportunity to establish farms on land purchased from the funds of unprofitable state farms. So long as we maintain the monopolistic position of the JZD's or of the state sector, it does not seem probable that we shall be granted the most favored nation status for our trade with the United States on a continuous basis and that we could apply for membership in the European Community. The collectivist

variant implies an affinity for a rigid Soviet model with all its political consequences. This time they would be adopted voluntarily.

For the third time in this century we have found ourselves at the crossroads of history. Shall we be wise enough to get the situation of our countryside well in hand?

[Editors note] Miroslav Tyl (1943), agricultural engineer, in the 1960's a prominent representative of the students' movement. Studied at the Agricultural College and the Philosophy Department of Charles University, from which he was expelled for political reasons. Since 1970 he worked as an independent developmental researcher for the Medicinal Herbs National Enterprise. A signatory of Charter 77 (this year its spokesman), the chairman of the agricultural commission at regional headquarters of the Civic Forum.

## HUNGARY

### Interministerial Committee Set Up To Oversee EEC Aid Package

90CH0326A Budapest *MAGYAR NEMZET*  
in Hungarian 14 Jul 90 p 9

[Interview with Laszlo Bogar, secretary of state in the Ministry for Foreign Economic Relations; place and date not given: "Where Foreign Funds Are Distributed"]

[Text] It happened exactly a year ago, on the 200th anniversary of the French Revolution, that the meeting of the leading capitalist decided in Paris to establish a foundation for assisting East European countries. The agreement was far from talking about a gift or free money.

### Assistance, Credit, Expertise

As we reported on page three of this issue, at yesterday's press conference the Hungarian government's spokesperson announced that exactly one year after the Paris decision, the Budapest government established an inter-ministry committee whose task will be to make proposals to the Brussels center of the EEC for support to be extended to small and medium-sized firms in Hungary. The committee which includes experts from the various ministries, bankers and distinguished representatives of the technological sphere, will be headed by Laszlo Bogar, secretary of state in the Ministry for External Economic Contacts.

[*MAGYAR NEMZET*] According to the announcement made by the spokesperson, the amount in question is 100 million ECU or more than 120 million US dollar. How do you wish to use that amount?

[Bogar] You must realize that the PHARE foundation, created by the EEC for assisting Poland and Hungary in transforming their economies, settled at the amount of one billion dollars for its three-year program. This

already shows that only about one-tenth of this amount is earmarked for Hungary at the moment, which is still a considerable amount. Obviously, if we were to calculate the entire cost of transforming our economy, then the entire assistance package offered by the EEC would not be enough. But the intention has never been for the West to finance our entire transformation penny by penny. As a consequence, we must be very circumspect in making our selection, and during the initial period we must restrict our examinations and proposals to the most crucial areas. Which are these? I can group the areas most likely to receive assistance into four groups: The first is agriculture; creating the institutions of an enterprise-friendly environment calls for large investments; then there is environmental protection, and the obtaining of new expertise that goes hand in hand with the modernization of our economy.

[MAGYAR NEMZET] Obviously, the agricultures of Poland and Hungary will not be evaluated in the same manner. After all, there have been offers made to send food packages to Poland, while in our country, fortunately, there is no need for this.

[Bogar] I hope there will not be such a need, either. Especially in view of the fact that according to EEC plans the food transport going to Poland will come from Hungary. Our agriculture will have to be modernized primarily along the lines of a transformation to a market-based operation. In other words, our agrarian experts will have to learn a new and different managerial and commercial behavior. It will be unavoidable to train the young people and retrain those who have been in the profession for some time. Numerous practical forms of this transformation have been offered, and this is where we will have to coordinate the course of experts, based on proposals coming from the various ministries. At the same time, agrarian research and their financing will also be part of the package. And what may be most important for entrepreneurs, sizeable aids and credits may also be expected to materialize.

[MAGYAR NEMZET] How will this money reach the Hungarian entrepreneurs?

[Bogar] For one thing, the cabinet committee itself has been granted the right to coordinate the various demands and interests. On the other hand, the government will soon establish a bureau for the support of small enterprises. Applications and plans may be filed at those agencies as well as the various ministries. In my view, the committee will consist of such operative individuals who will have access to the latest information. I would not like to see it become a bureaucratic bottleneck. We will examine and analyze each case very quickly.

#### Evaluation in Brussels

[MAGYAR NEMZET] Does this mean that the EEC gave the committee the right to make final decisions?

[Bogar] Not entirely. Giving us the right to make unsupervised decisions concerning the use of 100 million

ECU's is out of the question. Of course, the details of the mechanism will still have to be worked out, but it is certain that those proposals, plans and demands that we consider suitable will be forwarded to Brussels, where they will be closely scrutinized. In certain cases, we may repeatedly exchange correspondence and provide updated information. Only then will it be decided which of the proposals may be financed. In any case, it will accelerate matters when the EEC's program director will arrive in Budapest next week, and working with him we will analyze and evaluate the content and methodology of all proposals.

[MAGYAR NEMZET] How much time will be required to obtain the money necessary for realizing each of these projects?

[Bogar] It would be irresponsible of me to announce an average time span. It could be a few weeks, but in some cases a half a year may pass before the entrepreneur may receive the money he requested. I want to emphasize that everyone will be individually evaluated.

[MAGYAR NEMZET] The speed with which information will be forwarded will probably be very important.

[Bogar] So much so that the foundation made specific references to this. For example, we are in the process of making a decision concerning the organizational modernization of commercial and industrial systems. In this case, and in many others, improving the reliability and speed of information transfer is indispensable. An example: It will be worthwhile for several entrepreneurs to establish joint administrative centers where their affairs related to wages, taxes and the like will be handled, thus reducing their administrative expenses. But there will also be a need for setting up information networks of different nature as well. We will offer loans to set up bureaus in the counties or larger regions, with the task of assisting enterprise. This could be especially important at times when the business runs into trouble or when it wants to change profile.

[MAGYAR NEMZET] The package pays extra attention to the issue of environmental protection. We all know how backward East Central Europe is in this regard when compared to Western Europe. How could the foundation assist us in closing this gap?

[Bogar] We have no illusions that this issue could be settled even in several years. In the final analysis, repairing environmental damages brought about by our technological backwardness is part and parcel of structurally transforming our entire economy. Of course, there are several details that can be taken care of even before this work gets under way. After all, we even lack certain basic factors. Our measurement technology and culture cannot be compared to that in the West. As a consequence, we are unable to organize our environmental protection efforts. It would be an achievement to go as far as being able to finance some patents that reduce the secondary effects of pollution. Here I am thinking about the environmental pollution caused by



our rapidly growing vehicle pool. Unfortunately, this foundation will not be enough to transform our factories which are polluting our air, land and water, so that their polluting effect would be eliminated.

[MAGYAR NEMZET] You have already mentioned that the foundation will be able to finance new forms of training and retraining. What concrete form will these take?

[Bogar] There exists a so-called TEMPUS program. The abbreviation stands for a plan for interaction and collaboration among universities and academic bodies. That is, we are offering teachers and students alike opportunities to improve their training at each other's institutions. I am not thinking only of exchanges in scientific life alone, but a postgraduate training program that has centuries-old roots. Let us remember how eagerly Hungarian students used to visit Dutch or Italian universities. At the same time, keeping in mind today's requirements, we are going to devote special attention to the future of manager training. Related to this is modernizing the control and certification system of our commerce; this is one of the concrete themes on which we are already close to a decision. In other words, the gist of the matter is to make as great a progress as possible with relatively small investment toward creating the human and technical conditions for a market-oriented economy.

[MAGYAR NEMZET] The public is still worried that corruption may prevail in government circles. How will you refute the charges that a government-established cabinet committee will provide opportunities for modernization to those entrepreneurs that are close to it?

[Bogar] I am very glad that this question is raised in an interview with a daily newspaper that is published in more than a hundred thousand copies. We will seek out every forum to give our concept and our program the most complete publicity. If need be, we will even buy advertising space so that the broadest circle of entrepreneurs become familiar with the opportunities. It is our basic principle to analyze the needs of every applicant in the most correct manner. This also means that the door is open to everyone. Of course, I hope that we will be compelled to make some choices. After all, we must work within the limitations of the 100 million ECU. And, just as opportunities are publicized, so will be the process of evaluation and awarding. As a result, those entrepreneurs who for some reason did not get any money will be able to find out the reasons for this.

[MAGYAR NEMZET] What is the theme on which the first decision can be expected, and, in your view, can we count on more support after the 100 million are used up?

[Bogar] An agreement concerning environmental protection projects has already been signed, so that will get underway soon. As for the second part of the question, it would be irresponsible to answer it at this time. The government will do everything possible so that Hungary

meets the requirements of a market economy as soon as possible; the rest will depend on citizens with entrepreneurial attitude.

### MNB Official Explains Monetary Policy

90CH0332A Budapest FIGYELO in Hungarian  
28 Jun 90 p 13

[Interview with Mrs. Bela Doros, managing director of the Hungarian National Bank [MNB], by Ivan Wiesel, place and date not given: "It is Not Our Goal to Hog-Tie Anyone;" Interview with the MNB's Managing Director"]

[Text] A constant complaint voiced by the commercial banks is that the Hungarian National Bank (MNB) pursues restrictive policies, which not only hinders their growth but at times even their liquidity. We asked Bela Doros, managing director of the Hungarian National Bank, to respond to our questions.

[Wiesel] What is your opinion of the remark that the Hungarian National Bank, as central bank, employs its policies to hog-tie the commercial banks?

[Doros] We want to see a banking system that operates smoothly and develops even under the conditions of monetary policies that suit the requirements of equilibrium. It is not our goal to hog-tie anyone. Data from the past years show the dynamic growth of our banking system; after all, when we compare the picture with that of early 1987 (when there were only five banks), there has been a significant growth in the number and capital assets of banks. Today, nearly 20 commercial banks and seven specialized financial institutions are operating. The closing balance of banks has grown by more than 200 billion forints during the last three years. Refinancing loans still represent a great proportion of the banks' resources, as nearly 250 billion forints' worth of long, medium and short-range loans backed by the central bank finance the placements of money. This means that the proportion of refinancing, which was about 40 percent at the start, is still very large, about 30 percent.

[Wiesel] Why do the resources of the central bank continue to play such a great role, in spite of the fact that the capital strength of the banking system has grown?

[Doros] Banks have increased their share capital from 32 billion forints to 62 billion in the last three years, and at the end of last year they had more than 10 billion forints in accumulated wealth. Some of this growth is connected to the establishing of new banks; that is, even in theory this could not have brought about the initial refinancing loans: They are from other banks. The truth is, even with the commercial banks established in 1987 we did not follow the practice of withdrawing the central bank's loans in proportion with capital growth. At the same time, we issued long-range refinancing credit only for projects undertaken within the World Bank's programs, export-intensifying developments based on competitive

applications, or in order to prevent the capital saturation of agriculture. The banks, for one thing, used their own resources to participate in financing development projects, while also using their own resources for completely financing developments outside the credit objectives enumerated above. Their own resources were also used in developing the infrastructure of banking (developing branch networks or mechanizing their operations).

At the same time, we have been steadily reducing our involvement with short-range refinancing, in accordance with the demands of restrictive monetary policies. However, reducing the value of refinancing loans does not mean that the banks' opportunity to place their money has been narrowed in direct proportion. After all, the banks also have several other resources (accounts, collection accounts), and their value has increased from year to year.

[Wiesel] When can we expect to see a reduced role for the central bank in allocating resources for the other banks?

[Doros] We are quite close to that point. As we decentralize the management of foreign currencies, it will gradually become possible for banks to attract resources from abroad. From the income thus acquired they can finance their clients. The most the central bank will do is participate in turning the withheld resources into forints, and regulate the hard currency deals that may be handled by the banks.

[Wiesel] One frequently hears the accusation that the central bank uses the methods of the 1950's in adding various "extras" to the financing of its counterparts. What is your response to this?

[Doros] Regrettably, there is a significant discrepancy between practice and the original concept (which states that the banks are to receive normative allocations from the central bank). By now, the proportion of short-range refinancing loans for specific purposes is quite high (about 50 percent), so that only about half of the central bank's loans are distributed in a normative manner. Of course, those who criticize the "extras" on our loans also use these special loans, and often ask for the introduction of new "extras."

[Wiesel] Which are the most important considerations in making loans?

[Doros] Nowadays there are only two major areas that receive specific consideration in refinancing: one is export activities; the other is agriculture. In order to stimulate our exports, last autumn we initiated a credit program with highly favorable credit rates. Within this program we refinance export orders that have bank guarantees. Also similar is the amount of central bank resources connected to the discounting of export documents. The specific credit policies for the Tagrarian sector have a history of several years. As early as the first years of the bilevel banking system, the situation arose wherein banks did not provide enough credit to complete the spring tasks or failed to offer suitable resources

with which to finance the sale of commodities. In order to solve the resulting tensions, we introduced "green loans" and "commodity purchasing checks," and these are still in use.

There were times when specific classes of credit existed for solving the financial problems of specific enterprises. The central bank plans gradually to eliminate loans for specific purposes. Certainly, the correct financing practice by the central bank is for that institution to finance the other banks and not branches of the economy, which is the commercial banks' task. Of course, it is not our goal to deny sufficient credit for the purposes of selling agricultural commodities, or to see banks leave our export activities without financing. [Although] we recently held discussions with the other banks concerning the further improvement of refinancing credits, the specifically earmarked loans mentioned by you are still going to be with us this year. It would also be warranted to change the practice of using the central bank to offer preferences on behalf of the state, in the form of loans with lower interest rates.

Taking the guidelines of our changing economic policies into consideration, the central bank came up with a new type of credit concept during the final quarter of last year. We offer credit to support the development of small and medium-sized enterprises, and we refinance 25 percent of the loans offered by the other banks. Another source of refinancing credit is the Hungarian Foundation for Enterprise Development. We have also announced that we support privatization efforts with loans if the income derived from the property's sale would serve to reduce the national debt.

[Wiesel] In view of the tension existing between the central bank and the commercial banks, what is your opinion: Was it a good idea to create a bilevel banking system?

[Doros] The experience of the more than three years' period during which the bilevel banking system has been operating shows that (in spite of the well-known existing problems) the decision to reform the banking system was correct. However, due to the circumstances surrounding the creation of the bilevel banking system, various anomalies have been observed in the past. During the last three years we have been continuously correcting these, but we need to rely on additional changes, as well as the effect of natural development.

[Wiesel] Please summarize the positive and negative characteristics of our existing banking system.

[Doros] To mention the positives first, it can be observed that market-oriented thinking has become stronger, along with selectivity on the basis of effectiveness and profitability; modern elements have surfaced in management practice, and the role of market instruments increased. The circulation of capital and the redistribution of savings through the banking system have become more energetic. Compared to the situation at the start, the banks shed some of their oligopolistic character.

There has been a significant growth in the number of banks, including that of commercial banks. In addition to the traditional practice of offering loans, several new activities have been initiated.

As for the negatives, the realistic evaluation of credit-worthiness was made more difficult by the subsidies and the pricing system's shortcomings, so that even the desired selection was only realized in part. Banks nowadays are more interested in short-term credit (the risks are smaller), and enterprises also tend to request short-term loans, which means that their role in transforming the structure leaves something to be desired. When it came to utilizing the loans, certain enterprises (e.g., those in agriculture or food processing) fell behind because they could not bear the growing interest rates due to pricing or other reasons, and even though the central bank offered assistance (even providing special refinancing programs that advanced capital saturation payments) to relieve these tensions, these efforts succeeded only in part.

As for the insolvent debtors of banks, until now there have been no bankruptcy proceedings initiated against them, or only in much fewer instances than warranted. The shortage of suitably trained workers and the backwardness of mechanization also hinder(ed) efforts to improve the operation of our banking system.

[Wiesel] We hear very little of the central bank's activities on the open market. Is it perhaps because these have not yet been developed?

[Doros] I do not believe that is the reason for the silence. Last year, commissioned by the Ministry of Finances, the central bank organized 34 auctions of discounted government bonds, and the total nominal value of bonds sold was 27,345,000,000 forints. During the first half of the year, buyers could obtain only 90-day bonds; in the second half of the year selection was expanded to include 180-day bonds, and after November these were replaced by 30-day bonds. During the year the worth of discounted government bonds fluctuated between 2.38 and 8.89 billion forints. Starting with the second half of the year, auctions are held weekly, and the level of earnings developed at these auctions is closely related to the fluctuation of interest rates for short-term commercial loans. We have already evaluated these activities in the trade publications and we will continue to publish our experiences in the future.

### Private Postal Delivery Firm Organized

90CH0331B Budapest TALLOZO in Hungarian  
29 Jun 90 p 1221

[Interview with Istvan Varga, Nyirtrade managing director, and Pal Szabo, Post Office No. 1 director, by Katalin Cservenyak, reprinted from KELET-MAGYARORSZAG of 19 June 1990; place and date not given: "A Slice of the Postal Cake"]

[Text] In Nyiregyhaza, in addition to the post office, a second firm by the name of Nyirtrade Limited Liability Company is engaged in the delivery of letters. This is a unique initiative nationally, since no other example yet exists of anyone trying to break the monopoly of the post office. Representatives from the two firms, Pal Szabo, director of Post Office No. 1, and Istvan Varga, managing director of Nyirtrade Limited Liability Company, expressed their opinions about what the post office thinks about this and the purpose of the new undertaking on the neutral ground of KELET-MAGYARORSZAG editorial offices.

[Szabo] In a changing world, competition-oriented management has been appearing since privatization was inaugurated. It's possible that temporarily this is not good for the post office, but in the long run it will certainly be good for the public. This in spite of the fact that the post office has exclusive rights to all sorts of things according to postal law; that is what makes this competition irregular. If the top directors of the post office or the Ministry granted a permit for this, there is nothing we can do against it.

[Varga] It had been my personal experience that the post office risks being terribly overburdened by letter delivery, and one of our goals was that if we could take just the tiniest load off its shoulders, that would be fine. This is not a private-sector post office as general rumor has it, but a commercial and service limited liability company undertaking delivery of post-letter items with an eye to having things go well for the post office and its customers also. Another goal of ours was to provide an employment opportunity and a living to people while having a minimal amount of personnel. We have six permanent workers and two or three family members pitch in when the workload becomes heavier.

[Szabo] We found it strange that the ministry would issue a permit like this one which is contrary to the postal law currently in effect. The financial side of this is really giving the post office plenty to think about, although the amount in question is really not that large.

[Varga] Every other time I turn around nowadays, all I hear is how the decision of the Ministry is being questioned. I don't think they are a bunch of amateurs up there; they granted us the permit knowingly and after having given it some thought. And that's proven by the fact that this thing didn't happen overnight.

[Szabo] I'm not criticizing, but as long as a law is in effect and no other one exists to take its place, then I think it's unethical to try to get around it.

[Varga] In the postal law of 1964, the option exists for a privately owned operation to enter into the letter-delivery business. If there haven't been any cases of this happening before now, that's a different matter.

[Cservenyak] I think we can conclude this portion of the debate by saying that Nyirtrade must not be called to account for any omission that might be committed on the part of the Ministry.

[Szabo] In the past the publishing enterprises would have liked to have gotten newspaper distribution for themselves, but only in the locales where a large profit was possible. They would not have wanted to carry newspapers out to the hamlets and the farms, they never took that on, that would have remained the business of the post office.

[Cservenyak] And given that, is the situation similar in this case?

[Szabo] As far as I know, they distribute only in the area of the city.

[Varga] That is correct, that's what our permit states. But let me ask, how would Mr. Szabo carry out national distribution on an initial capitalization of one million forint? If he can do it, I myself will walk over there and hand him the money.

[Szabo] Postal service has always been and will always be this way. For the past forty years the post office has been handled as a basic service, and justifiably so, we believed. However, when prices and fuel expenses began to rise, there were repercussions for us, too. But the government did not consent to a rate increase. They instituted an enterprise-operations system for 10 years. We received no state support; on the other hand, since it is a service, we have been working with maximized prices. And it's two entirely different things when I myself take on the commitment for something, and when I am told "this obligation belongs to you."

[Cservenyak] Let's turn to prices.

[Szabo] It's not necessary to review how postal fees are set because that's public knowledge.

[Varga] Our prices are one and two forint cheaper respectively than those of the post office. We deliver postcards and standard letters for two and four forint respectively, and two forint more cheaply for the overweight ones. We don't deal with things requiring a return receipt upon delivery, although we have the permit for those, too. So it is clear that we are not seeking to compete with anyone. We have been striving for proper and out-and-out good relations.

It's possible that we also miscalculated. But I have been informed that our shipments did not reach their destinations. The post office would have been responsible for seeing to it that the letters that we deliver do not wind up back in the mails if people put them out next to their mailboxes, and that they are sent back, postage due, to the firms that we have contracted with.

[Szabo] Doesn't this limited liability company have an obligation to indicate in one form or another which are the letters that it delivers?

[Varga] Our own date-stamp has recently been prepared. And totally aside from that, we mark our mail shipments with a color code. And KELET-MAGYARORSZAG has published which firms we contracted with. A person could not help but notice that there is no postmark on our envelopes.

[Szabo] A single firm will give deliveries to both of us, and in identical envelopes. This is the first time I've heard about the color code. But it isn't fair that Nyirtrade delivers letters to Main Street and the post office delivers them to East Podunk. For that matter, the top directors of the post office had no knowledge of this whole thing. The Ministry would have been able to inform us, we would have read about it in the newspapers. If we could have, we would have taken a different stand on it.

[Cservenyak] I don't think you have to blame Nyirtrade for that.

[Szabo] The limited liability company has a permit but it does not have any obligations. It will take on one job, if it has the people. However, it's obligatory for the post office. For the moment, I view this as a great difference.

[Varga] If good relations can be established, then right off I recommend that the post office specify which deliveries it has problems with, and we'll try to solve them. As a postman I know which ones the carriers aren't happy about delivering.

[Szabo] Thank you for the recommendation, and we'll look the limited liability company up if it becomes necessary, while keeping in mind that we both have an interest in profitability.

It remains to be seen how relations between the two postal services will develop and, for the time being, when the average citizen will be able to profit by this, but of course the benefit would be that a private individual could send his letters more inexpensively. However, the fact that some enterprises will save on expenses through lower rates affects those who work there at every level, because it is hoped that some wage increases and bonuses will come out of it. And although the Nyiregyhaza Limited Liability Company has put just a tiny chink in the armor of the post office monopoly, it could be good for improving the level of service.

## POLAND

### Role of Commercial Banks, Tasks Needed To Rejuvenate System Outlined

90EP0832A Warsaw GAZETA BANKOWA in Polish  
No 32, 5-11 Aug 90 p 6

[Article by Waldemar Kruk: "Banking Forum"]

[Text] In the last few months the chairman of the NBP [Polish National Bank] has granted 30 permits for the establishment of commercial banks. Fifteen more applicants are waiting.

The permits were granted on the assumption that the newly established banks would affect the pace of market reforms in Poland. But some say that these banks have not quite fulfilled the hopes placed in them. What then should the role of the commercial banks be in the present situation? Attempts to answer this question and many others were made at a meeting of the chairmen of all banks, including those still in the organizational stage, held on 5 July in the Green Room of the NBP building.

[NBP Chairman] Professor Wladyslaw Baka stressed the importance of this meeting, which signifies the entry of the banking sector into a new stage of development. However, the present situation was not assessed very optimistically. Despite the considerable effort invested in reforming the banking sector during the last three years, and despite the increased demand for banking services, this sector is burdened by many deficiencies. It turned out that the banks are an obstacle to developing foreign cooperation. The quality of banking services leaves much to be desired. There are several reasons for this situation: old methods of work; low qualifications of personnel; and a rigid infrastructure. The risk factor, inherent from the beginning in banking, is not reflected in the loan operations of the banks. Moreover, the financial situation of the banks is not enviable; it is difficult to speak of the existence of any developed money market.

What then should be done first of all to assure the recovery of Polish banking?

Chairman Baka referred to four tasks which he considers indispensable to the future of his field:

- "The establishment of an infrastructure strengthening the position of the zloty.
- "A change in the approach to the creation of money. Thanks to its policy of curtailing the money supply the NBP has gained, as Professor Baka put it, bridge-heads in strengthening the zloty.
- "The banking sector should operate more effectively in promoting ownership transformations.
- "And, most important, an active participation of the commercial banks in incorporating the Polish banking system in the international system.

"Only opening to the world can encourage foreign investors to consider Poland more closely. As for foreign capital, it is a kind of element that largely modernizes financial institutions."

Only after the above four tasks are accomplished will it be possible to speak of the existence of an efficient system of commercial banks in our country. In the opinion of the head of the NBP, this should be a system based on joint-stock companies. It would also be a universal system, because banks would participate in any activities not prohibited by the Bank Law or Sejm decrees. This could revive our national economy, because there is hardly any need to convince anyone about the position held by banks in a developing economy. Even now it is known that certain banks will

be charged with a special state mission. Such a role could be played by such institutions as the Polish Bank for Development or the Bank of Employee Ownership, Limited. The group of such so-called state commandos would be complemented by the housing-oriented banks.

The Chairman of the Bank of Industry and Commerce, Limited, Mr. Antoni Maciejewski, started out with a forceful comment the moment he took the floor. He declared that the problems are due to, among other things, the discrimination against Polish banks in favor of joint ventures. The monthly salary of a bank president, fixed at the top at a level of not more than \$100, is ridiculously low compared with the qualifications required. Thus, in order to improve the situation, either the level of required qualifications should be lowered or the salary raised.

A real millstone around the neck is the notarial fees and the income tax. This situation would change completely were all the newly established banks to be exempted from the income tax for one year. For otherwise there occur such absurdities as the relinquishment of dividends by shareholders for the sake of the bank. Tax relief of this kind is a rule rather than an exception. Similar relief should be provided when purchasing office space for the banks.

A similar tone characterized the remarks of the chairman of Agrobank. He pointed to the excessively high cost of building safe deposit vaults, and therefore he viewed as desirable the provision of a line of credit for the new banks [as published] by the central bank [NBP], with repayment to take place over several years. Refinancing credit is a blessing for the banks, but getting it involves a considerable hassle. In this respect the NBP should not treat some institutions preferentially at the expense of others.

Chairman Wladyslaw Baka treated indulgently the bankers' complaints and rejected just as mildly several basic proposals.

First, [he declared,] no line of credit will be provided for the new banks, because that is not within the scope of competences of the central bank.

Second, the NBP is abandoning refinancing credit, a relic of the past era, and replacing it with rediscount credit. Hence the recent emphasis on the promotion of promissory notes.

Third, foreign exchange operations can certainly be highly successful, but they do not reduce the chances of failure and embarrassment vis a vis foreign partners. Hence, the NBP must proceed very cautiously. Soon now, uniform criteria and procedure for evaluation of performance will be presented to the banks. On the basis of that evaluation the NBP shall, in cooperation with the minister of finance, decide whether or not to grant foreign exchange permits.

The question of forming a joint organization of Polish banks deserves separate mention. This initiative was proposed by Prof. W. Baka. He revealed that Western partners increasingly often are asking about some major financial organization in Poland that would have the mandate of confidence of a majority of Polish banks and thus could engage in substantive talks with these partners.

## YUGOSLAVIA

### Slow Circulation of Money on Stock Market

90BA0279B Belgrade EKONOMSKA POLITIKA  
in Serbo-Croatian 6 Aug 90 pp 30-31

[Interview with Radisa Nadrljanski, director of the Money and Securities Market, by Vladimir Grlickov; place and date not given: "Why Is Money Circulating Slowly?"]

[Text] The Money and Securities Market was founded as an intermediary interbank institution with the basic task of accelerating the circulation of banks' free liquid funds, i.e., of mediating between supply and payment-capable demand. The Market's second task is to use the monitoring of banks' creditworthiness to eliminate the danger of the occurrence of irregular situations involving unpayable deposits, which can discredit the idea of the market situation of money, and which have contributed in the past to having this type of bank activity "die out." The Market's third task was to provide an analytical base of information, on the basis of which banks make decisions on buying or selling money. The fourth task is to develop trading activity in short-term securities; it was expected that the National Bank, i.e., the federal government, would participate in this type of trading, with the intention of using this means (securities) to control the amount of money in circulation in a new, market-based way.

The Money and Securities Market officially began to operate last November. The occasion for our conversation with Radisa Nadrljanski, the Market's director, was to seek an explanation of whether the Market, from the time of its founding until today, has fulfilled the basic functions for which it was formed, and to what extent.

[Grlickov] The basic functions for the sake of which the Money and Securities Market exists are interpreted differently, but there are different assessments of how successfully the Market is performing them.

[Nadrljanski] If we accept the fact that the Money and Securities Market basically has the task of ensuring that money circulates as much as possible according to some economic logic and criteria, that means that the Market has to be the intermediary between those possessing and those seeking funds, with the funds having to be spent in the order in which they provide economic benefit. In connection with this, the Market has to ensure that only

market-capable demand appears in it. In order to perform that function, the Market, in addition to the capability of assessing banks' creditworthiness, has to have a well-developed information service that provides data on trends in supply and demand, and the form they appear in (as cash or securities). In addition, it has to issue reports on the interest rate "achieved" in the Market, which should be the result of the relationship between supply and demand.

When we have all of those tasks in mind, then I can say that the Market has achieved satisfactory results.

What we are not satisfied with, and where the expected results have been lacking, primarily involves the slow inclusion of securities in trading on the Market.

[Grlickov] How do you prove that the Market is performing its main function of accelerating the circulation of banks' free funds?

[Nadrljanski] I do not know whether it is its main function, but the trading in cash on the Market was a surprise to us too. Because the trading was higher than expected, we reduced the commission that we charge the banks for the services we provide them several times, so that today it has been reduced to 40 percent of what it was originally.

A large part of the interbank short-term transactions takes place through our Market. In the last month, about 70 percent of the total transactions between banks have gone through the Market; and on some days, that percentage reached as much as 100 percent.

[Grlickov] Do you think that all of the banks' possibilities for market trading in cash have been utilized? I am thinking here not only of trading through your Market, but also trading in direct relationships between banks.

[Nadrljanski] I think that one cannot expect anything more in increasing trading and greater involvement of the Market in this. The essential thing for us, however, is that we have gained the confidence of all the participants in the Market, we have been performing the part of the work we are talking about correctly, and there have been no major criticisms.

[Grlickov] It is undeniable that there have been no criticisms of the Market's work. Are you encountering any barriers to free circulation, coming from the so-called general environment in which you operate?

[Nadrljanski] If you are thinking of the barriers of regional isolation and the slowed circulation of money as a result of it, we have not observed that phenomenon to date. Banks from the entire territory of Yugoslavia act as suppliers and seekers of money. We have only noticed a tendency on the part of some banks to hold onto the funds in their accounts too long, although they do not need them to maintain their day-to-day liquidity. I

assume that in those cases the banks are not certain that those funds will be returned to them when they need them—or else they do not know how much money they actually need in the accounts, and what volume of liquid funds they need for the short term of one or two days.

[Grlickov] Why are the banks so insecure?

[Nadrjanski] One must keep in mind that large banks have not yet been stabilized organizationally, and that their information services are not the most certain. Furthermore, one should recall that payment turnover is handled by the SDK [Public Auditing Service] and not the banks, and that the speed of the circulation of funds depends on their mutual links.

Naturally, there is also the problem of links between the large bank and its organizational units. We have banks that keep their funds in the accounts of over 50 organizational units. In such a situation, juggling money is not simple. That is the case with banks that do not have a rigid organizational structure arranged, and which are not capable of having information at any moment on whether they have funds in those 50 or so accounts, and how much, and how much money will be needed in those accounts in the short term in order for the settlement of current obligations to proceed without a standstill.

[Grlickov] Perhaps the Market could contribute to the banks' being able to ensure liquidity with as little money as possible, and thus reduce the unnecessary holding of money, which is a pure expense for them.

[Nadrjanski] Probably with additional equipment, and by solving its office space problems, the Market will be able to ensure, with more certainty, that as a rule liquidity is ensured with as few funds as possible.

[Grlickov] Have you perhaps noticed that banks are not offering larger amounts of money on the Market because they are afraid of transactions that cannot be paid for?

[Nadrjanski] The fact is that keeping money in accounts also represents a sort of caution on the part of the banks with respect to those seeking funds from them. It is much more difficult today for banks to approve funds for those seeking them.

Our Market's creditworthiness commission does not go any further than assessing the banks' creditworthiness, because its task is not to assess the creditworthiness of the final recipients, although those seeking funds are also indirectly assessed through the assessment of the banks' creditworthiness. I think that under the present conditions, we have successfully performed creditworthiness verification. All the funds that have gone through the Market have been repaid on time.

The Elan case created certain problems for us. It was a surprise for us, because we, like the banks, were of the opinion that there were no serious problems there. That

happened to us overnight, so to speak. After that, however, the creditworthiness commission made its criteria for assessing the capabilities of those seeking funds considerably stricter.

[Grlickov] I came across one fact according to which, of the total 90 billion dinars demand on the Market since the beginning of the year, only 30 percent was capable of payment.

[Nadrjanski] That is correct. That is why we decided that we would no longer state the total demand appearing on the Market, but only the demand that we assessed as capable of payment.

If we continue on that path, I think that it will be easier for us to coordinate the demand with the supply, and the large oscillations occurring in those relationships. We will thereby also reduce the influence of the enormous demand upon increases in interest rates.

[Grlickov] How does the overall state of banks' liquidity affect the market's turnover? I have in mind the correlation that has been observed, that on days of higher liquidity there is also an increase in turnover, and vice versa.

[Nadrjanski] Unfortunately, we have noticed that under conditions of reduced liquidity, especially on the days of the great blows when the banks allocate their mandatory reserve, pay pensions and salaries, and so forth—the supply on the Market is extremely small, while the demand is high. In view of this, we proposed that the National Bank help to level out those large oscillations in liquidity in some way. For example, if the mandatory reserve were not allocated at one time, and if it were not calculated in the present manner—all of that would not jeopardize its overall level. Consequently, we advocate not applying the instrument of the mandatory reserve rigidly: the banks do not all have to allocate their mandatory reserve on exactly the same day.

I want to say something else. In order to increase the market turnover in money, its movement has to be regulated in the same way. That means that we have to create the prerequisites for inclusion of the funds of postal savings banks, funds from insurance organizations, funds from other financial institutions, etc. All of those funds have to receive the same treatment and be subject to the same regulations. If it is made possible for all those financial institutions to become members of the Market, something that is still controversial today, then the cash turnover would be larger and more comprehensive. Along with all of that, we will also have a better insight into how much money the banks are seeking (and obtaining) outside the market.

In that case we would probably have fewer occurrences of "gray" markets.

[Grlickov] How much does the level of interest rates affect the market turnover of money, and how much can that instrument be used to influence coordination of the



relationship between the supply and demand for money? Or, how much can a more liberal monetary policy and a larger supply reduce interest rates?

[Nadrljanski] It is undeniable that interest rates on the Market rise relatively much more quickly when the gap between the supply and demand for money is increasing. We have also noticed that interest rates are reduced at a much slower pace when that gap between the supply and demand for money is being narrowed. Consequently, the influence of higher demand on the growth of interest rates is much more pronounced than the influence of lower demand on "returning" interest rates to a lower level.

I think that these atypical phenomena are appearing because we have not yet mastered the principles of demand. We have not yet answered the question of what demand is. We cannot accept acknowledging and recording as demand everyone who needs money. If we continued to intensify the issue of demand, and especially if banks did so in relations with their founders, then demand would be considerably reduced and in such conditions the supply would appear larger, and would also be stimulated by a somewhat less restrictive policy. It is also logical that interest rates will finally start to decrease.

We should not have anyone seeking funds who does not ask about the price of the funds and who does not even think about whether he will be able to repay the funds he has taken, because it depends on that money whether he will bear the consequences if he is left without it. If we could get that area under control, then I think that we could "bite" into the essence of the problem of the high demand for money. Then the interest rate on loans could also be lower.

If that problem is not solved and interest rates remain high, we can hardly expect that new business and investment will flourish. Consequently, the prerequisite for that is eliminating demand that is not capable of payment, which means in turn that enterprises that are left without money will have to find a way out through restructuring and changing their business and production policies. That applies equally to everyone: both to buyers of goods who cannot pay for them, and to sellers who have to restructure the markets in which they are selling their products.

[Grlickov] We are left with the field of securities and trading in them on the Market; you have already mentioned that the results are poorest there. But haven't securities been designated as the basic instrument of change for the market regulation of the amount of money in circulation?

[Nadrljanski] Those financial instruments are having a difficult time making a breakthrough here, regardless of whether they are short-term or long-term securities. Nevertheless, I think that the prospects are primarily in the circulation of short-term securities. The controversial thing about this is who will be the first one to "light

the fuse." Will it be the banks and enterprises, or perhaps the National Bank, which would economically regulate the open market by shifting to securities?

For the time being, the trading in securities on the Market is marginal. The National Bank only sells small amounts of treasury notes. On the other hand, enterprises and banks have not yet appeared in the Market as parties to this type of trading.

We have drafted guidelines in which we have explained how securities from the banks, enterprises, and the National Bank should be handled. It is encouraging to us that a few days ago the National Bank came out with a project for beginning to adapt its mechanisms for regulating the amount of money in circulation to market conditions. In fact, I think that it is converting part of the mandatory reserve into securities, so that by buying and selling them, it could then regulate the amount of money in circulation. It would also begin to buy commercial securities from banks (notes). In that way it would have a considerable influence upon a decrease in interest rates, instead of the considerably lower ones that it is giving today for the mandatory reserve.

With that conversion of the mandatory reserve into treasury notes, the National Bank's basic goals would not change. It is only the means of regulating the amount of money in circulation that would change, with securities becoming more important. Naturally, these would become profitable transactions for banks, because, as it is said, the banks as a whole would be compensated for the costs of monetary regulation. At the same time, this would prove that economic measures can achieve the same results with respect to keeping the amount of money in circulation under control as in the past.

Compensation for the costs of monetary regulation would create room for the banks to reduce their interest rates on loans issued by them. In saying this, I am not asserting that the banks' measures, for example better and more efficient organization, cannot do anything to reduce interest rates on loans. I am asserting, however, that the sort of mechanism being used now "drives" banks to maintain interest rates on loans at a high level.

**Director of Belgrade Private Bank Interviewed**  
*90BA0310A Belgrade EKONOMSKA POLITIKA*  
*in Serbo-Croatian 3 Sep 90 pp 30-31*

[Interview with Branko Dragas, director of Karic Bank d.d., by Vladimir Grlickov; place and date not given: "There Is Money for Good Business"]

[Text] Karic Bank d.d. is the first private bank in Yugoslavia. It is a newly founded bank that still faces all the stages of development before the full establishment and achievement of its final physiognomy. Rapid consolidation of the bank is essential before this can happen, which is why interest in its business is so great. This is evident from the great "rush" of projects for private ventures and investment, or rather from the demand for



investment, which far exceeds the supply. Indeed, it is an example that refutes the theory that the main investment problem in this country is the lack of genuine, lucrative medium-size and smaller projects that would be the standard-bearer of new privately owned forms of economic activity and changes in the economic structure. The goals of the new Karic Bank are long term and ambitious, and it is possible that they will realize the perseverance for the inaugurated and arduous program for profit earning by the new and sound bank.

The president of the private bank, Branko Dragas, although relatively young (30 years old), took on that post with know-how and banking experience from a public bank under his belt, and gives one the impression that he is a man who is ready to put a great deal of energy into the job of quickly establishing and developing Karic Bank. Naturally, he is given impetus in this direction by the goal that he himself set, but it is primarily through private owners that the bank will be fashioned into a respected institution, which through its image and business activities will be the crowning feature of a private system that includes all economic and financial spheres, beginning with commerce, the catering trade, and tourism, and leading all the way to the banking industry.

[Grlickov] As a newly formed private bank, you probably have specific characteristics compared to other banks. Are you a purely private bank? I propose that this serve as the beginning of your introduction, together with an explanation of the steps involved in setting up and starting the bank.

[Dragas] Karic Bank is a mixed bank. It was founded as a joint-stock company. The majority of the capital, 57 percent, belongs to the composite enterprise of the Karic brothers. This capital was invested by 25 private companies, some of which are mixed, as well as the Karic brothers and sisters personally. Around 28 percent of the capital was invested by Belgrade Bank, and the remainder is held by Swiss companies.

Karic Bank was founded at the end of last year, whereby it had to observe the criterion of a minimum capital stock of two million dinars. It was registered only on 25 April of this year, meaning that after that it was able to open a transfer account on the basis of all the documents, vouchers, and approval by the NBJ [National Bank of Yugoslavia]. The transfer account was definitively granted on 7 May, which means that that date can be taken as the day that the bank's business actually began.

[Grlickov] At any rate, you as a private bank, but also as a bank that scarcely needs to acquire capital strength, can help in this process.

[Dragas] The strategy is as follows. We as a bank, for the first time since the war, follow the philosophy that Bogoljub Karic and his brothers have already followed in their system of companies. As president of the bank, accepting the philosophy of profit, work, and business-like conduct and responsibility, it is my job to contribute to a return of the reputation of and respect for the

banking profession, which was completely neglected after the war. This industry was so neglected that it was even divested of the right to a bank signature on any significant economic document. However, in a normal middle-class society the banking profession is a high-status, respected calling.

Thus, I am starting from the basic principle of the philosophy of Bogoljub Karic and his brothers, which I will attempt to develop in practice as a bank. At the center of our work and activity is the family and the individual interested in their own existence and profit as the basic motivating factor for development.

[Grlickov] I suppose that the philosophy of the bank is to invest in small and medium-sized private companies, whereby it would not dwell solely on financing within the Karic brothers' system.

[Dragas] That chain of companies is too narrow for Karic Bank's ambitions. And this is already evident from the fact that I already have about 300 times more applications and projects than I am able to oblige and satisfy this demand for loans. And these are projects with market motivation that promise quick profits; projects have been initiated in the area of commerce, the catering trade, services, tourism, production... Almost every possible area of the economy is represented. We are talking about private individuals willing to take out loans by mortgaging their property. Indeed, our principle is to issue loans on the basis of mortgages.

[Grlickov] One might conclude from this that these are investment projects with long-range loan-payment terms.

[Dragas] There are two types of requests. The first concerns investment credits, for example, for building small, free-flowing hydroelectric power plants, for building waterworks within that context in order to ensure irrigation, for building housing, for market research and biological studies...

These are attractive and worthwhile projects. For example, we have a request for financing the seemingly ordinary production of glue, which has a high price tag because it would be used to treat broken bones of thoroughbred horses; without this, these horses, which are of interest to the more affluent strata of citizens, could not be assured of normal growth and a continuation of the race. This glue could yield terribly large earnings. One businessman from the United States has come forth and expressed his willingness to invest \$400,000 in research and production. We are already in contact with him. Other banks here are not showing any interest whatsoever in these and other similar, attractive investments. But there is information indicating that there are around 146 (expensive) animals around the world needing treatment of bones with the new glue.

[Grlickov] I suppose that you, like any new bank, are most interested in short-term investments. Because as

you said a minute ago, you are just getting on your feet and creating your own financial basis.

[Dragas] We are talking chiefly about short-term investments of one month. These are private individuals who mortgage their property and house, their very existence and that of their families. As the bank, we inject money into them for the short run, and then they for the most part start making money. If we are talking about the wholesale trade, for example, they use this mechanism of overinflated prices on the uninformed market (without computers). Nevertheless, I do not say this to find fault with them. Because of their work, the giant gaps that exist on the markets are filled up. Through their action, prices are forced down, as are also the numbers of those who do not want to respect the new economic law and do not follow the rules of competition.

[Grlickov] It is interesting that the demand for loans is 300 times greater than the bank's capacity. If the bank, regardless of how attractive the loans may be, cannot satisfy demand, then perhaps it could use its position and connections to serve as an intermediary in making contact with banks that have a greater potential and capital.

[Dragas] None of these people who come here with requests for loans mention the possibility of intermediating with other banks, because they have been there and have left them.

And what do I do in situations like this? You know that on the "gray" market interest rates are five percent, 10 percent, 20 percent, and in some places such as Slovenia even 30 percent on a monthly level. I contrive interest rates according to bank prices and then go to an intermediary's commissioned credit. Amidst high insolvency, money can be found. You simply have to pay a market interest rate. But not every suitor can adapt to such rates.

In order to minimize the risk, I suggest to those who offer money that they provide it at lower interest rates, two to three percent, for example, so that they will be certain to have this profit "in the pocket," instead of losing it all. I have seen one case where a creditor got into a situation of having to ask for a loan, although I immediately warned him, as someone who knows a little bit about banking, about what could happen to him. Because of our business cooperation, I will try to find him a loan. But that is not the right solution. At stake is the seriousness with which the business known as the trade in money is conducted.

Guarantees and acceptances from "old" banks that supposedly ensure payment don't mean much, because the bank is in the lawful reserve, cannot fulfill obligations on the basis of influx from abroad, cannot transfer money to its account. An example I have is of a private individual in Hong Kong who, because he waited 23 days for an influx in one of our banks, lost business of between \$8 and \$10 million. He then came to me and promised me that he would cooperate as soon as I established payment

transactions abroad. But for now I intend to use a bank for foreign relations that will not make problems like what I have mentioned.

[Grlickov] Thus, you intermediate in two types of transactions. In providing security for loans in this country, and in establishing contacts with foreign partners. How do you assess the chances that capital can be secured in greater amounts?

[Dragas] It is wrong to think that there is no capital. There is an abundance of it in literally every part of the world. From Sidney, Singapore, New York, Toronto, and Asia to Western Europe. Capital is available, but very often under the condition that the guarantor be a private bank. To say nothing about how much could be gotten, under these, so to speak, private conditions, from the money that our people are keeping in their "matresses."

The people who are offering us capital weigh in at between \$5 and \$100 million, meaning that they are the moderately affluent class. In concrete terms, we have guests from Switzerland who are talking with us and are willing to create a mixed-type private bank in which they would be stockholders.

[Grlickov] How do you intend to attract fixed capital in an ownership context if interest rates are so high?

[Dragas] The dividends issued on fixed capital are not negligible either. The dividends on foreign exchange would be 0.5 percent higher than the interbank pound in London, while on the dinar they would be one percent higher than the interest rate given on a time deposit of 36 months.

We are not taking only this dividend into account; rather, we are also calculating on the basis of our good market share. Although we are new and are in the process of solving technical problems, we are planning to go onto the market as Karic Bank, and offer our stock on the exchange. At the same time, there are plans to buy out the stock of companies that do not have capable management in order to pull them along. This is part of the bank's strategy relating to its conduct in connection with ownership restructuring. In addition, these purchases of stocks or companies would have to be transacted at market prices, not at accounting or unreal prices, as is advocated.

[Grlickov] What will you do with this stock? Will you resell it to private persons?

[Dragas] The goal is that we come into possession of a controlling share of the stock, at a price 30 to 40 percent of the appraised value. Of course, this is not a process that can be accomplished overnight because for this we will need capital, domestic companies that will grow stronger with time—as well as foreign capital. But, at the moment when we have bought a controlling share of the stock, we intend to change the entire management team through the company board of directors and bring in our

own people—and with them, our profit philosophy. This would represent a change in the lifeblood of the company, from people, marketing policy, and market research, to policy governing the establishment of foreign ties. After all this, we figure that the company's market share will rise to 100, and at that point we will move to sell the company.

[Grlickov] Why not go immediately to that step of privatizing the company, assuming that there is foreign capital, for example, that is interested in it?

[Dragas] It is unknown how many parties could be the seller of the company. The buyer is known, but the seller is undefined, no one knows to whom the money should be paid to effect the buying and selling. Should the money go to the local workers council, some federal government investment fund, the assembly...? I do not favor the idea of paying money into an investment fund, because that is not in the spirit of the market: The money is not received by the party selling the company, but rather by some third party. Another thing is who receives this money and how its use is controlled.

[Grlickov] You probably know of practical cases of so-called privatization, especially in commerce, where

there seems to be a dualism of people: Directors of failed companies are involved in private commerce, for example.

[Dragas] I know of examples of such directors offering intermediary services to the bank. These are former directors who have left their companies and are involved in the same activities as before. Their companies are facing ruin, while they are leading new private companies, which are technically legal, by way of their children, relatives, friends.... In one case, one such person offered the bank \$10 million. I asked him what the price of that money was, which an insurance firm in the United States wanted to invest in Karic Bank, or in a Karic brothers company. He answered that the price of that money is between five and nine percent. He said either five or nine percent, which means that he could act as broker. Then, he gave a price (interest rate) of nine percent. But that was not all. He said that four percent must be guaranteed for the manager of the business. It finally turned out that the manager acting as intermediary was the very former director of a failed company who came forward with the offer. Besides him, another manager turned up. There are two managers who are each demanding four percent. With the nine percent basic price, we end up with a total interest rate for that job of \$10 million, around 17 percent. This is a creative price that should be deliberated on.

## GERMAN DEMOCRATIC REPUBLIC

### Unemployment, Retraining Seen as Increasingly Problematic

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[Interview with Dr. Klaus Grehn, president, GDR Association of the Unemployed, by Hans Sandow; place and date not given: "Don't Deal Yourself Out—Deal Yourself In"]

[Text] [Sandow] Minister Hildebrandt recently spoke of a possible 1.5 million unemployed in the GDR. Other estimates such as those from Elmar Pieroth go as high as 4 million. How do you see the coming developments?

[Grehn] We really do not go into such forecasts. We issue forecasts only for figures on which we have background information. We do not see any indications at all on the entire economic horizon of the GDR to make us suppose that these figures will not come about. We forecast the current figure some eight weeks ago. At that time, we were very much vilified as panic mongers and alarmists. No one is saying this any longer.

In any case, it is already clear that the figures will continue to rise and the speed of the rise in the figures will continue to increase. The speed has increased tremendously since as early as January and April and it will continue to increase.

[Sandow] We have determined that vacation facilities are no longer fully utilized. Directors of these facilities gave as a reason the fact that after the People's Chamber passed the Law on Protection Against Dismissal people stopped going on vacation out of fear of the Blue Letter [pink slip].

[Grehn] Yes, there was a change in the dismissal conditions through the introduction of the Law on Protection Against Dismissal. It has been determined that people may be dismissed during a vacation and during an illness. It is right that fears result from this. We have sufficient indications that when people come back from a vacation, during which they already have fears, the first thing that they ask is whether their job still exists, whether they have been dismissed. But the background is certainly the overall development and the rapidly rising figures.

[Sandow] Has the indicated development meant that the Association of the Unemployed has now gained a larger number of members?

[Grehn] No, it did not lead to this. There is no parallel between the number of unemployed and the number of members. One cannot give any exact number, because people join in the local groups. We are, to be sure, a central association but we do not work centrally. The most important work is done locally, in the self-help

groups. There one can decide precisely what is to be done, what possibilities exist and what the composition of the unemployed is.

We have decided that we will not issue membership cards until after 1 July and will collect dues in the amount of 2 marks.

With the increasing numbers, we certainly are registering an enormous increase in the number of consultations with us, but the people allow themselves to be counseled and then they leave and try to find their own way without committing themselves.

[Sandow] Could that have to do with the fact that there are still too few who have any notion of the object of the association?

[Grehn] Not only of the object. It reaches the extent that it is not sufficiently well known that there is such an association. We are noting with astonishment that even employment offices are not informed and do not know that there is such an Association of Unemployed, although one might assume that it could be a help for the employment offices.

[Sandow] In surveys in employment offices, we are more and more often confronted with the desire of people seeking employment that their names not be given in the newspaper and that they not be photographed. Do you have similar findings?

[Grehn] We are noting this as well. I have been able to observe the process very intensively since January. Whereas in the first months the people were still prepared to declare themselves and to go before the media, because it is naturally important for those involved to talk and because individual fates are naturally more dramatic than figures, we have been registering more and more abstinence with this development trend toward the market economy or union and the taking over of legal regulations and behavior from the FRG. So the idea is not to make a spectacle of oneself anywhere and not to go public, for that could be disadvantageous and the future employer could take offense. Then one could be the next to be fired or would never again find a job. That also has to do with negative experiences gained by the employed that, for example, those who complain are the first ones to be fired. It is understandable that people want to oppose this.

[Sandow] For some time we have been looking for convincing examples for retraining measures. Why is it that the announced measures have been so ineffective so far?

[Grehn] One must see that there are manifold reasons. I will start with ourselves.

Before retraining takes hold and before measures take hold in general, one must come to the point where unemployed persons acknowledge their unemployment and their situation, and are prepared to take action. The citizen of the GDR is not used to committing himself

and to using his elbows in the fight for his existence. They must be prepared for this. This is the reason why we as an association are organizing motivational and behavioral seminars and applicant training, where the unemployed can learn how to cope with this problem. That is a precondition. When they have learned this, they will also show more willingness to activate themselves.

The second thing: naturally the citizens of the GDR realize that there is no economic concept, no adequate concept.

When Mr Viehweger, for example, says that many people will be needed in the area of construction because the state of the cities is so decrepit, he is theoretically right. But naturally one cannot demand that a citizen have himself retrained for a career in construction when at the same time there are mass dismissals in the building industry in this country. What is necessary, is to make this correct theoretical statement agree with the practical development and to develop a concept from it. I am of the opinion that simply too much time has been wasted, that the government has delayed too long with a concept and that the word "market economy" has been confused too much with self-activation, which is very bad for an economy that was exclusively planned for 40 years. There must be transitions and these transitions include at least elements of the planned economy that are probably of different strength and that will decrease more and more.

[Sandow] I experienced a quite strict planned economy in the Volkswagen concern. Does that not contradict your statement?

[Grehn] No, one should, for example, have envisioned a central line or a possibility for retraining facilities and institutions to prepare themselves for this.

The retrainers have not been retrained and the multipliers are not there. And now we face a situation in which we raise demands that cannot be realized. This is why it is not taking hold. I am not at all of the opinion, as is Mr Pohl, that we will retrain a million people this year. I see no possibility for this. At least it is not reasonable for the economy.

[Sandow] I have the impression that many enterprise managers are now behaving more wildly than an entrepreneur from the FRG, who very well knows about the laws.

[Grehn] That is right. Previously I have always said that that lies in a legal vacuum. Meanwhile there are legal provisions of the market economy, but there is not yet a mechanism or a control agency that also monitors the observance of these legal norms and articulates and implements sanctions. For this reason, this restraint must come even more from the work force than from the corresponding positions that will exist, that are to be established, and that will also create jobs.

[Sandow] As president of the Association, are you also unemployed?

[Grehn] Not yet, but I am carrying my dismissal notice effective 30 September. I am also familiar with the problems because of my unemployed son, and my daughter-in-law, who has to work short time.

[Sandow] Are there already groups of the association in all bezirks?

[Grehn] There are groups in all bezirks. We are now in the process of preparing the land associations. There will be a land association in every Land by 15 October. We have groups in more than 50 percent of all kreises.

In October, the application for acceptance of the GDR association will be handled in the scope of a European conference of the Network of the Unemployed (INU). With the fact of the formation of a national association, we are within the objectives of the INU which seeks to form strong national associations in the countries of Europe and, on the basis of these associations, the strongest possible European association which will stand opposite the European Parliament. Twenty million unemployed are cited for Western Europe. The INU assumes twice as many—40 million. By the way, that is a considerable potential for conflict. I believe that the differential between the countries will mean conflicts here, just as unequally distributed work in the world is an overall global problem, including with respect to the Third World. We are of the opinion that one must see beyond the problem of German unemployment and that in the process of German unification one must not forget global problems. The demographers have already made known that by the end of this century there will be no work for 800 million.

[Sandow] Do you detect any special focal points in the development of unemployment?

[Grehn] There have been changes in the social and demographic structure of the unemployed and in their composition. What we are greatly concerned about is the fact of the increase in youth unemployment. As late as January, it was about five percent, whereas now it has risen to an average of 20 percent. It varies in the bezirks; in some it is already much more than 20 percent. And there is a relatively large number of young people who themselves have quit, because they could not cope with the situation in the enterprise or with the mental situation that those who put them under pressure before are doing the same thing again. I believe that in two or three years the young people have taken on a way of life that makes them very difficult to win over. The problem of drug addiction and dropping out in the FRG can be attributed to this.

More and more women are being affected, which is also very bad, because the GDR has traditionally had a high percentage of single mothers. Hard-won beginnings of equality for women are being lost. Women are being banished back to the home and kitchen, although 93

percent of women were gainfully employed. It can be stated that the number of unemployed women is increasing more rapidly than that of men.

There is a change in the qualifications structure of the unemployed. The number of skilled workers and of retrained and semiskilled persons is increasing more rapidly than that of university and technical school graduates.

[Sandow] There is a tendency for enterprise managers to resort first to the most defenseless, the foreigners who were brought into the country. Is your association looking after them as well?

[Grehn] We are also prepared to accept these people. We support them as well, and you are right in that we are registering increasing unemployment among foreigners and increasing unemployment among the socially weak. Many women must also be included among them. But we are also seeing that more and more handicapped persons are being dismissed. This is why we have very good contacts with the association of the handicapped. We are also noting that such groups as alcoholics, the criminally endangered, or released prisoners have a hard time finding employment. It is a fact, for example, that people in prison are unemployed and thereby get into financial

difficulties—when the state must give credit for support payments—that make their reintegration into society problematical.

I point out such groups as the self-employed and freelance workers, who receive no support at all, although in the past they paid the most in taxes.

[Sandow] Tomorrow someone will be hit by unemployment. What advice would you give him?

[Grehn] First to check whether his dismissal was justified and to seek legal assistance, either in the works committee, or in the trade union, or with us. When he sees that this is no help, he should get involved. In no event should he withdraw to his own four walls but he should seek contact with other persons affected and with people who are committed to helping them. What is needed is vigorous action. One must not fall into depression. If we are able to prevent even a certain percentage of this, then we will have done something for the development of society, although it may not be possible to express it in dollars and cents. If we prevent people from falling into depression and lethargy, alcoholism, and thoughts of suicide, and if we are able to activate the people here, then they can be reintegrated into society. For this reason, we appeal to you: Don't deal yourself out, deal yourself in and look for these ways. Our most important objective is that people talk about it. And that must be learned.

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