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Chief of Staff Views Proposed Defense Act

AU3009150392 Sofia TRUD in Bulgarian
25 Sep 92 pp 1, 3

[Interview with Colonel General Lyuben Petrov, chief of the Bulgarian Army General Staff, by Vacho Radulov; place and date not given: "Military Reform Will Be Stalled Until Law on Defense Is Adopted"]

[Text] [Radulov] General Petrov, changes are under way in the structure of the Defense Ministry. A particularly important issue is what place military intelligence and the Military Police will assume.

[Petrov] Different views exist. My personal opinion is that the two structures should be subordinated to the Bulgarian Army General Staff. It is precisely the General Staff that needs the information provided by the intelligence service because it makes its operational decisions on the basis of this intelligence. I do not see any sense in putting the service under the direct control of the defense minister, who, in any case, has access to the results of intelligence activity. Regarding the Military Police, its task is to check on order and discipline in the military garrisons. It is logical for the police to receive their orders from the General Staff and from the garrison commanders at the local level. In fact, the functions of the Military Police include normal police and traffic-control duties, insofar as the drivers of military vehicles are ordinary road users in the relevant district.

[Radulov] Is there any truth to the claim that, from the legal viewpoint, the Military Police is a rather flexible frivolous formation that may also serve needs that are not purely connected with the Army?

[Petrov] I can say that, as a structure, the Military Police does not carry out political functions. In that sense, it is not logical for the defense minister, who is a political figure, to be in charge of it. The General Staff and the garrison commanders at the local level are in charge of the Military Police.

[Radulov] Has a final draft of the proposed law on defense been prepared?

[Petrov] The final version is not ready. At the moment, there are two alternative versions. The first of these has already been discussed at the highest state level, while we received the second version, proposed by Minister Stal-yiski, only recently.

[Radulov] What relations do these two draft laws propose between the General Staff and the civilian head of the defense minister—complete subordination of the former or relative autonomy?

[Petrov] I would not like to comment on them because they are still in draft form. In any event, it would be more normal to propose one basic version, while the second one supplements the former. The discussion of them as alternatives complicates the procedure of preparing the future law.

I personally support a law that lays the juridical foundations for reform in the military field. In my view, such a law should also cover such prospective issues for the Bulgarian Army as alternative military service and the new mobilization and military education systems. We professionals also need the law regarding changing the basic regulations among the troops. It is well known that, at the moment, Army life is conducted according to a law that has been in force for more than 30 years and according to extremely outdated statutes, courses, instructions, and codes of regulations. The latter cannot efficiently regulate modern training and combat activities in the Army units. Finally, the law is called upon to develop the basic ideas of a future professional army in which the contract principle is paramount.

Naturally, the law will also more precisely delineate the powers of both the General Staff and the civilian leadership of the Defense Ministry, and of the defense minister and the chief of General Staff. It will not directly resolve the servicemen's social problems but will guarantee their social status, the role that citizens in uniform have in society.

[Radulov] What has happened to the idea of reducing compulsory military service to 12 months?

[Petrov] The law will also decide that issue. One of the draft versions even mentioned a specific date for it—1 October 1993. Unfortunately, that is unrealistic because the objective conditions that are specific to the military field are simply not available. We are trying to reduce the length of military service—that is a leading trend throughout the world—but every country must consider its own possibilities. We have already done what we could by reducing military service from 24 months to 18.

[Radulov] Will the new intake sense the wind of reform in the barracks?

[Petrov] The new recruits are unlikely to see any radical new developments. In the conditions of the economic crisis, we will be unable in the near future to improve the soldier's life to any appreciable extent.

[Radulov] Will the Army include a structure that deals with the fighting men's moral and psychological problems?

[Petrov] There is no such structure at the moment. Experience will show whether it will be necessary to create such a structure. For the time being, that burden lies on the shoulders of the commanders.

[Radulov] Mr. General, following so many instances of outrages being committed against soldiers in the barracks, can we now speak of any guarantees that that horrible phenomenon has been eradicated once and for all? Do you not consider that the Military Prosecutor's Office and the Military Police could assume certain commitments in that respect?

[Petrov] We are also worried by the persistence of that horrible phenomenon. However, its eradication is a

process that will be accelerated by the new law and the normative regulations stemming from it, which will regulate life in the barracks.

We are now putting most hope in the ability of the command staff to nip such criminal manifestations in the bud. We are convinced that not only the Military Prosecutor's Office but also parents could help the commanders. We also rely on the mass media. I do not

see how the Military Police could be useful in any way inasmuch as it performs its duties outside the units.

I would like to state that we have not reconciled ourselves to those phenomena. The leadership of the General Staff, the military councils, and commanders and other command personnel at all levels always pay close attention to questions of discipline.

Ambassador Zantovsky Cites Washington Tasks

*AU3009143392 Bratislava NARODNA OBRODA
in Slovak 28 Sep 92 p 5*

[Interview with Michael Zantovsky, new CSFR ambassador to the United States, by Branislav Janik; place and date not given: "I Do Not Want To Be a Stopgap Ambassador"]

[Text] Michael Zantovsky, our new ambassador extraordinary and plenipotentiary to the United States of America, flies to Washington today. Prior to his departure, we asked him for an interview.

[Janik] While studying the history of diplomacy, did you come across any case in which a diplomat was sent abroad to represent a disintegrating country?

[Zantovsky] I did not have time to study the complete history of diplomacy, but the partition of Pakistan into Pakistan and Bangladesh—which, however, took place during a war—comes to mind. An example of partition by peaceful means is that of Singapore from Malaysia. I do not know if they also sent diplomats abroad. In any case, this is an unusual and unprecedented instance in diplomatic practice.

[Janik] You gave a detailed briefing on your mission to the deputies in the foreign affairs committees in all the parliaments and governments. Did you also hold similar meetings with Slovak representatives? What was the purpose of these meetings?

[Zantovsky] I held a meeting in the Slovak National Council with Deputy Chairman Augustin Marian Huska and with Foreign Affairs Committee Chairman Ivan Laluha. These and other meetings with the prime ministers, foreign ministers, and so on served a dual purpose. I want—and it is my duty—to brief constitutional officials on the fundamental ideas behind my work and on the fundamental nature of bilateral cooperation between the CSFR and the United States. For me to fulfill my tasks, I need—and this is the second purpose of these meetings—to know their views on the individual bilateral issues involved in CSFR-U.S. relations and on the general political situation.

[Janik] Was there any difference between what you discussed with Messrs. Knazko and Laluha and what you discussed with representatives from the Czech side?

[Zantovsky] All the representatives agree that the situation is probably heading toward the state's division and that it is very important to clarify the entire process, to point out that it is taking place by agreement, and to highlight the differences between the disintegrative processes in our country and those in the former Yugoslavia or the republics of the former USSR. Both sides agree on this. Naturally, there is greater interest on the Slovak side in emphasizing Slovakia as a new and, in the near future, independent entity, including an interest in creating an image of Slovak society, of Slovak history, and of current political development.

[Janik] As a Castle man, are the Slovak representatives also confident that you will objectively assert their interests and views in the United States?

[Zantovsky] No one has ever cast any doubts on this confidence in any of my meetings with Slovak representatives. I have assured Slovak representatives that, although I am a Czech, I do not intend to favor one side over the other in my work while there is a Federation. An objective presentation of the two republics is not only in the interest of the Slovak Republic, it is also in the interest of the Czech Republic, because many politicians realize that, regardless of future development, our nations will not pull away from each other, but will live next to each other. It is not in the interest of either of the new republics for the other republic to have a worse status in the world.

[Janik] What are your intentions and ideas as you set off for Washington?

[Zantovsky] I have already mentioned one aspect of presenting the current situation, its course, and its prospects. At the same time, however, there is a whole series of bilateral negotiations on agreements and treaties that, despite our domestic situation, it makes no sense to divide. They can be concluded while the Federation exists with the proviso that they be transferred later to the two new states. These involve agreements on protecting investments as well as treaties on preventing dual taxation and certain consular agreements. The third aspect involves preparing starting points for both states on the international arena. The issue of dividing our property abroad, which, of course, I will not resolve on my own in the United States, but will resolve in accordance with the agreements between the Czech and Slovak sides, is also associated with this. All of this is enough work for my first term in office, even if it is to be a short one. We have an embassy in Washington, representative offices at the United Nations, a consulate general in Florida, a commercial office in San Francisco, and we are preparing to open a consulate general in Los Angeles.

[Janik] Has a date been set for your reception by the President?

[Zantovsky] Not yet. The date is set according to the order of protocol for ambassadors arriving in the United States, and I do not know who is arriving in Washington right now. The average waiting period is approximately two weeks.

[Janik] It is often written, especially in the opposition press, that Washington is becoming what Moscow once was—a big brother, an example in everything, forever and ever.... What is your view?

[Zantovsky] This is definitely not the case. There is a considerable difference between the foreign policy of the United States and that of the former USSR. This is manifested both in the way it is formulated and in the way it is practiced. The Foreign Ministry in Moscow, but

especially the CPSU Central Committee and its Foreign Affairs Department, implemented an active and directive foreign policy with direct instructions for its satellites. U.S. foreign policy has no such mechanism. It adopts a pragmatic approach toward problems, tries to resolve each one individually, and does not proceed from a global concept into which other states could be positioned as satellites.

Calfa Sees Parallel Development in Republics

92CH0943A Prague ZEMEDLSKE NOVINY
(supplement) in Czech 11 Sep 92 p 1

[Interview with Marian Calfa, former federal prime minister, by Katerina Sladkova; place and date not given: "I Have Lost My Illusions, but Gained My Freedom"]

[Text] *I spoke with Marian Calfa many times while he was still "at the helm." I have now asked a completely private person for an interview and have noted with pleasure that speaking with Prime Minister Calfa or only with Dr. Calfa is the same thing. Neither his office nor its loss left its mark on him in any way.*

It used to be said of him that he was a typical ministerial clerk: industrious and meticulous. He proves capable of precisely formulating his thoughts, there is simply no denying his legal training and legislative practice. As a boy from the east Slovak town of Trebisov, he preferred chess games over "manly" boyish games. He was and has remained a nonsmoker; he gets by without the use of alcohol or coffee. No one has ever found him to have any kind of love affairs, most likely because he did not have any. Together with his wife Jirina, they share the pleasures and worries of being parents of two teenage daughters. At age 46, Marian Calfa had and continues to have an adequate number of followers, but he also has opponents, primarily from among the ranks of those who have proved unable to forgive his one-time membership in the Communist Party of Czechoslovakia and the fact that he held ministerial office at the time of the totalitarian regime. Those who have nevertheless gotten over that primarily value his contribution to a constructive and substantive spirit of work performed by the post-November federal government.

[Sladkova] What does a prime minister who is no longer a prime minister do?

[Calfa] I have heard a whole lot of rumors about myself. That I will be an ambassador, the chief of the Agricultural Bank, the director of one or another enterprise. None of this is true. I have opted for the private sector, which is not dependent upon the salary of a state employee. I am building my own independent private existence in an area which is close to my original profession as a lawyer and close to the experiences which I have amassed in recent times, particularly in the economic area.

[Sladkova] Do you not occasionally miss the high position and the feeling of power?

[Calfa] Not in the least. I feel myself far more free now and, although it is a paradox, I have far more opportunity for self-assertion. As prime minister, I was limited by the relationship with my own political movement, by the relationships within the government, by the relationship with parliament and the president of the republic, all of whom fortunately were and have remained very friendly in character. The most difficult aspect was the feeling of responsibility to people, but also a feeling of responsibility for my own decisions. These limitations have now fallen away and the acquired liberty and free will to make decisions only regarding myself and for myself cannot be paid for with money. I believe that no one should fear this responsibility and that everyone should attempt to sever the umbilical cord which ties them to the state and which they perceive to be a guarantor of their security. Such a relationship is not natural and has already been overtaken by historical events.

[Sladkova] Two years in the office of prime minister of the CSFR must have given you or deprived you of a whole lot of things which are not essentially just passing in character. Has something remained which will continue to accompany you?

[Calfa] I am afraid the answer is yes. Every person lives with a certain number of illusions. Illusions about people, the nation, the state, the relationship between people as well as between states. This office that I held rid me of these illusions 100 percent. If I think about it some more, the actual loss of illusions is not such a bad thing. It teaches a person to look at the world through sober eyes which see what is actually happening rather than what one would wish would be happening. In those two years, I met a lot of wonderful, clever, as well as evil and stupid people. And when I occasionally hear about the various national characteristics of people, I have to laugh.

[Sladkova] Although you have left the fertile fields of big politics, you continue to have a broader view than the citizen who is, for the most part, dependent only on information supplied by the communications media. That is why you could know of what we should be afraid and what we should try to avoid in terms of further development....

[Calfa] Always, when the state still does not have stable democratic institutions, those mutually interconnected, "self-policing," and controlling mechanisms, and when a victorious political grouping heads the state, it must find sufficient moral strength so as not to proclaim its truth to be the only one and to be holy. I could use the comparison of a heavyweight boxer.

There is a difference when a person is fighting with a similarly equipped partner within the ring or if one uses one's strength and dexterity somewhere on the street against an absolute amateur. If an injury were to occur, I

would judge such an act very strictly. A professional must be aware of his own strength which is not an advantage for him in the given case, but tends to be a restricting factor. In short, he must consider well whom to strike and how to strike.

[Sladkova] And in politics?

[Calfa] It is absolutely the same. The governing political forces must be circumspect in weighing their words and actions, lest their views and attitudes slowly become transformed into a state ideology. In this connection, I would be afraid that the leading political forces might resort to using illegal procedures in the interest of some truth, some idea, or in response to the need of the moment. Or a procedure which they themselves characterize as being on the fringes of the law. If I hold political power and if I value democratic principles, I must make use only of the ways of the law. Of course, legal standards are not given once and for all and it is possible to change them. However, that must be done publicly, with an overview, and with clear argumentation. This process must be accessible to the press which, in a certain respect, represents the voice of the public. In other words, there must be a social dialogue rather than a monologue. State institutions must always move within the framework of the valid law. The moment this ceases to be true, we are back at the beginning of the 1950's.

I hope that the international associations, whose members we so vehemently wish to become and whom we are asking for assistance, will play a role in this regard of a quasi-regulator. However, we should more likely rely on ourselves, we should find enough strength within ourselves. If this fails, then we shall have lost. And that is what I would truly be afraid of.

[Sladkova] Despite the fact that you have lived in Prague now for more than 20 years, you have your roots in Slovakia. Do you understand what is now occurring there?

[Calfa] The current Slovak political representation was returned during the last elections, among others, by the claim that that which is suitable in the Czech lands is not suitable for Slovakia where the state would have to continue playing a not negligible role for some time to come. In other words, the successes scored by Slovak politicians were based on the criticism of Czech policy. In my opinion, the logic of things is such that the politicians will have to proceed the same way in the Slovak Republic as the politicians have had to in the Czech Republic. In the final analysis, they will abandon their election program, although they will be claiming that their steps represent its fulfillment.

[Sladkova] How long can the HZDS [Movement for a Democratic Slovakia] keep up this tactic without arousing the ill will and the opposition of its voters?

[Calfa] I think for a long time because it is gradually acquiring direct control over all instruments of power. Beginning with the legislative assembly, where it has the

necessary majority, and ranging through the staffing of decisive positions in state administration with its own people, all the way through the pressure exerted on the mass media, through which public opinion can be influenced. It is thus paralyzing the opportunity to control or check its procedures and is thus also suppressing the voices of the opposition. It can then not be a big problem to persuade people that everything which is happening is happening in conjunction with preelection promises. To deceive the nation is not so difficult; after all, in the final analysis, the nation allowed itself to be deceived back during the elections: by promises, by rosy pictures of the future. However, developments will be different and will be approximately the same in both republics. Perhaps with a certain separation or, let us say, at a lower level, but the curve will be the same.

[Sladkova] How then would you estimate the course of the most immediate developments?

[Calfa] The state breakup will occur, as I have already been claiming for at least six months. And statements indicating that the political representations of the ODS [Civic Democratic Party] and the HZDS do not have the right to partition the state might sound pretty, but are worthless. In the parliamentary democracies, among which we want to be counted, a parliamentary majority is always the decisive factor. If this majority is held by the HZDS and the ODS, together with their coalition partners, I must state that, in the event parliament approves their procedure—and it will do so—their actions are fully legitimate. The proclamations made by the opposition are thus coming into conflict with reality pertaining to the functioning of the democratic power mechanism. Briefly, people cast their votes for certain parties in the required quantities which made it possible for them to make decisions regarding state matters in all kinds of connections we can imagine. In other words, even in matters regarding the existence of the state itself. That is why I believe that the results of the elections will confront us with a clear matter. Until the very moment they cast their ballots, citizens had the opportunity to decide in complete freedom for one or another party or political grouping. Today, we have legally constituted parliaments and governments here with all their authorities. If I am a democrat, I must respect their will. So far, nothing better than a parliamentary democracy with elections to legislative bodies has been invented.

[Sladkova] You certainly know the current prime ministers of the governments, Vaclav Klaus and Vladimir Meciar, very well. You had both working and also personal contacts with them. Which of their characteristics do you consider to be good and which bad? I have in mind characteristics which can find reflection in politics.

[Calfa] To talk about politicians is always deceptive. As far as Prime Minister Klaus is concerned, I most value the fact that he has stable views. Both with regard to politics and also economics. He is a convinced conservative politician. This was manifested in a number of things. He has a clearly defined opinion regarding the

European Community, he has a clear opinion regarding the relationship between the citizen and the state, the economy, as well as the instruments by which it is supposed to be controlled. Mr. Klaus does not deviate. I would say that he is salubriously hardheaded and asserts those principles he is internally convinced are correct. He has certainly undergone a certain development. He was an outright individualist and, in the beginning, had little sense for teamwork. He simply "did not hear" from time to time. But I believe he has changed. If you are heading a government, you must know how to listen, even to those views which do not appear correct to you at the moment. To the extent to which I can monitor the work of Vaclav Klaus, I am convinced that he is significantly correcting his approach in this regard. And I wish him much success. This approach will lead him to a position of a truly balanced political personality. I must also say that Vaclav Klaus is an extraordinarily clever and educated person. If anyone is gifted with extraordinary abilities, it can happen that, to a certain extent, he might sink into a measure of vanity. This is usually part of an extreme personality, but not necessarily in each case. Perhaps he should watch out for this a little bit.

[Sladkova] And Slovak Prime Minister Meciar?

[Calfa] In a certain respect, he represents the counterpole to Prime Minister Klaus. He is a far more controversial personality. During the time we knew each other, he was a member of the VPN [Public Against Violence] and, thus, also a convinced federalist. Since that time, we have witnessed many of Meciar's transformations, which have been relatively contradictory. He is far more impulsive and, in comparison with the Czech prime minister, he is even substantially less "readable." If I had to characterize him, I could not rank him in the category of politicians with an unequivocal political nor personal direction. I would say that he was a type who, to a considerable extent, accepts whatever view is power-bearing at the given moment.

It is this that made it possible for a supporter of the federation to become a supporter of confederation only to end up as the promoter of an independent Slovak state in the final phase. Many people do not like to hear this, but the facts are unequivocal. Personally, I am convinced that as long as he will be satisfied with respect to his power yearnings, he will become a follower of a conservative economic policy. I do not want to deny anyone the right to internal development, particularly because I myself underwent such development; however, it should have a certain logic. It appears, however, that in the case of Vladimir Meciar, the ability to flexibly adapt to the course of affairs was more his strong side than his weakness. I believe that Mr. Meciar, even if he possibly does not feel this for the time being should look more to form in his contact with people. A politician who is supposed to be a key politician must be able to find within himself even an adequately significant measure of liberal tolerance for his opponents. This is what makes him actually a great person. I hope that he can find it within himself in adequate measure.

[Sladkova] Thank you for your sincerity.

Formal Declaration of Czech Statehood Considered

92CH0968A Bratislava NARODNA OBRODA in Slovak
11 Sep 92 p 3

[Interview with Jiri Payne, chairman of the Foreign Committee of the Czech National Council, by Alena Walekova; place and date not given: "When Will the Czech Republic Be Established?"]

[Text] *Debates under way behind the scenes in the Czech National Council concern the preparations for a draft of the declaration of Czech statehood, which is supported by some of the deputies representing the ODS [Civic Democratic Party]. Deputy J. Payne, chairman of the Foreign Committee of the Czech National Council, answered our questions.*

[Walekova] What prompted you to prepare this draft?

[Payne] In the beginning, it was due to general considerations about how the Czech Republic should be established. There is the precedent of the first republic, and it seems that the application of the precedent of the first Czechoslovak Republic will be acceptable also to international public. Our version of the declaration proceeds from that premise. We have worked out the principles, but so far without formulating them precisely. However, that poses no problem. Then there is also the question of discussing it in the clubs of our political parties.

[Walekova] Which specific issues have you already worked out?

[Payne] First, the restoration of the Czech state must be formulated, and that formulation must serve as the legal and political foundation for this new subject of international law. Naturally, the constitutional system cannot be automatically transferred from the CSFR to the new subject. For that reason, the declaration must stipulate who will hold the highest powers in the new state—in our case, it should be the Czech National Council, which will then authorize the government, obviously in its current composition, to further exercise its legal powers expanded by the rights taken over from the federation. At the same time, the declaration should stipulate that legal norms of the CSFR meanwhile remain in force, which will make it possible to span the period before the new Czech constitution is adopted, and to prevent legal chaos following the breakdown of our state structures. In its conclusion, the declaration should request international recognition for the new state. It would be excellent if the constitution could be approved immediately after the declaration of independence of the Czech Republic.

[Walekova] In other words, your proposal assumes that the declaration of independence will precede the constitution.

[Payne] Of course, the constitution may be all ready, but we consider it inappropriate for the Czech National Council as an institution that is part of the federation to proclaim the constitution of a state that does not yet exist as an international subject.

[Walekova] How does the draft of the declaration differ from the Slovak declaration adopted by the Slovak National Council?

[Payne] It proceeds from completely different premises. The Slovak declaration of sovereignty did not aspire to be both a legal and a political act by which independence is established. We intend to constitute a new state as a political subject. The Constitution is a formal attribute of this state, while Slovakia proceeds from a legal concept of state and tries to establish the Slovak Republic on the basis of the Constitution.

[Walekova] When do you think the declaration of the Czech Republic will be published?

[Payne] As yet, it has not been decided to announce the declaration. It is but one of several options; we are considering other alternatives as well, and who knows what may happen before the end of the year.

[Walekova] What other options are there?

[Payne] For instance, one alternative calls for the adoption of the constitution, which is a far more complicated process because it involves the question of when the constitution becomes effective. For instance, according to federal laws, the Slovak Constitution becomes effective on the day of its publication in the Collection of Laws. But then the minister of the interior would be obliged to have both constitutions published at the stroke of midnight on the day when the federation is split, which is not at all feasible.

[Walekova] Nevertheless, two independent states will be established on 1 January 1993, and the Federal Assembly should adopt a law on termination of the federation as soon as possible. It seems that it is the highest time to opt for one of the alternatives for the establishment of the new state.

[Payne] I don't think that we are under any pressure in terms of time. Two days are enough to formulate the declaration in precise terms; it may be proclaimed at an extraordinary meeting of the Czech National Council on 31 December.

[Walekova] Was the action of the Czech side affected by the adoption of the declaration of the Constitution of the Slovak Republic?

[Payne] I don't think so. Our intention is to approach partnership correctly, and I am certain that we want to help in every possible way. I see no particular reason for any special reaction to it. Of course, we are monitoring the situation and taking it into consideration. The draft of the declaration is not a reaction to the developments

on the Slovak side. Potential alternative procedures have been discussed already after the elections. The declaration is just one of them.

Common Institutions After Separation Rejected

*92CH0980A Bratislava NOVY SLOVAK RANO
in Slovak 15 Sep 92 p 9*

[Commentary by J.C. Trubinsky: "Folklore the Czechoslovak Way—Servility Is Not Expression of Sovereignty"]

[Text] At the very time when the parliament of the Slovak Republic finally adopted the decision to put the constitution to a democratic vote, which will guarantee political independence and international equality for our nation, "The World Festival of Children's Folklore" was taking place in Slovakia. Twelve European and four overseas groups participated. The purpose of the festival was to "emphasize the thought of J. A. Comenius." If the adoption of the Constitution of the Slovak Republic was a historic event, then it is also obvious that Slovakia was putting an end to Prague politics of Slovakia's political and cultural exploitation and abuse.

Prague fully realizes what is happening in Slovakia at this juncture. However, Prague's and Bratislava's interests are completely divergent. While the Slovaks have confirmed in the latest elections that they want to be independent, Prague, whose allegations about its subsidizing the "backward" Slovakia are generally known, is trying to maintain the status quo by every possible means. Prague intends to continue its "subsidizing" of Slovakia by force. Nevertheless, this may be comprehensible only to a person who knows what fantastic profits Prague has gained by "subsidizing" Slovakia.

For that reason, the celebrations honoring Comenius are not just incidental commemorations of that prominent Czech. Neither was it by coincidence that the "European Youth Week" was held in Bratislava and attended by Mrs. Lalumiere, the general secretary of the European Council. That event also took place at the very moment when the fifth "World Festival of Slovak Youth" was under way in Slovakia and when our young people from all over the world were meeting for the first time at the Matica Slovenska in Martin.

It is not difficult to figure out which of those two events received more publicity in the world and in the Slovak press.

Well, that is precisely what Prague always wanted—whenever possible, to spoil, to eclipse, and to downplay all Slovak endeavor that could not be sufficiently controlled by Prague. Attempts were made to "Czechoslovakize" the Martin events as well.

And thus, this campaign, which in the name of Comenius intends to influence our youth, is not motivated merely by concerns about "folklore, education, and

advancement" but first and foremost, by political objectives! That requires an enormous amount of gall and arrogance on the part of Prague, and on the other hand, blind servility and the obsequious little souls of certain of our "Czechoslovakists." All that Prague always wanted was for the Slovaks to dress in their folk costumes, sing and dance, and leave it up to Prague to deal with such "less relevant" matters of state administration as economy, finances and politics.

In this context, I recall that 23 years ago, when even the Slovak communists were calling for independence, the "Czechoslovaks" tried everything possible to weaken the motion for "independence in the communist orbit" and to curtail the powers of the federation at that time (1968). In those days, under similar critical political conditions, a reason was also found to "promote Comenius's significance" for the Slovaks. The publication *SLOVAK V SLOBODNOM SVETE* (January-February 1969) published the following essay entitled "How Do We Want to Be Respected?":

"Plans for the celebration of the 50th anniversary of the Comenius University in Bratislava and of the 500th anniversary of the Academia Istropolitana are under way in the old country.

"The celebrations will be magnificent. It is reported that representatives of 400 universities from every continent have been invited. The celebrations were originally planned for 1967 but had to be postponed because the construction companies were unable to finish the building of the Academia Istropolitana by that date.

"The organizers then forgot other relevant facts: The Academia Istropolitana building is located on Jirasek Street, that is, on a street that bears the name of a Czech writer, while the university in Bratislava bears the name of Comenius, in other words, not of a Slovak, either.... So long as the Slovak politicians and other representatives fail to recognize in such seemingly innocent machinations a carefully construed plan 'how to get at the Slovaks,' Prague will have every reason to regard us as idiots over whose eyes it can always pull wool and in the same way, to discredit them and eliminate them one by one at any time."

It is time to stop evasive tactics and start uncompromising action to gain independence and international equality for the Slovak state. That means above all to prevent the federalists and the Czechoslovaks from "putting their foot in the door" as the running of the affairs of the Slovak state is concerned, and to resist all sweet talk about common currency, common army, or common embassies.

If anything of that sort is permitted, the Slovak state will have everything but independence and equal rights.

Havel Considered Important for CR's Future

92CH0987A Prague *RESPEKT* in Czech
No 37, 1992 p 2

[Article by Berthold Kohler: "Still Without a Successor—Is Vaclav Havel Already Less Important for the Czechs?"]

[Text] While in the park of the Lany Castle last minutes were ticking away for the office of the evidently last president of Czechoslovakia, some of those present there expressed their anxiety about their country's future; some of them demonstrated even symptoms of panic. Suddenly Czechoslovakia found itself without a head of state and actually in an even worse situation: Czechoslovakia was without Vaclav Havel. There was some talk about the absolute end to "the gentle revolution" and about "the end of an era." For a moment the public life was paralyzed as if a king without presumptive heirs had resigned. Foreign governments expressed "their deepest regrets" about the resignation of a man who more than anyone else was regarded by the whole world as a standard-bearer of the Central European coalition. It has not often happened in the past that a country—and least of all, one in the East—had so closely identified itself with its president and his qualities. Therefore, the news about the playwright's departure from the scene generated abroad above all confusion: What will happen with the already languishing state that has in addition lost its symbol?

The Magic of the "President-Poet"

The pessimism with which many people answered that question fed upon the immense role played by Havel during and after the fall of the communists. Even with such a brief lapse of time it is evident that the former dissident accomplished an extraordinary task. He restored to the awareness of a public a country which most West Europeans, mainly Germans and many of its next-door neighbors in Bavaria considered as a place somewhere behind the Iron Curtain. He had shown the governments in the West, completely stunned by the wave of revolutions and their aftermath, that even a recently converted state may become a reliable and honest partner. He helped the public in West Europe rediscover his country's spiritual dimension. The Germans, fed up with politics and still more with their own professional politicians, in particular demonstrated their enchantment with the "president-poet" who intended to apply truth and good taste as a criterion of the performance of the government. The pro-Havel sympathy was often transferred, albeit without any profound justification, directly to the country he represented.

Havel played an equal, if not a more significant, role in Czechoslovakia's domestic life. It suffices to recall the time when he was regarded as the supreme authority on almost every issue. He became that solid point for which other Central and East European societies are still searching. Led by Havel, an intellectual, the Czechs and Slovaks proved to themselves and to the world that they

were again "socially acceptable." And without Havel's involvement the federation would have broken apart much earlier and according to all signs, with much greater confusion. Thus, was it really possible to renounce a man who appeared so irreplaceable?

A Commander Without an Army

It was possible, as the post-20 July period has confirmed. Life went on, though it turned a bit more drab and lacked the spiritually provoking impulses which only very few other people are capable of producing. The loss of President Havel could be endured because Czechoslovakia of 1992 was no longer the same as Czechoslovakia of 1990. Without Havel, whom the West had so frequently reinterpreted, Czechoslovakia's image abroad may have faded a little, but it became also more realistic. On the domestic scene, the general disorientation of the "founder's" period has visibly declined. Society became emancipated from its "father," which on principle Havel can only welcome. The initial political chaos, in which Havel's humanistic integrity and moral authority were irreplaceable, has completely receded before the structures of modern, institutionalized partisan democracy.

Havel's departure (evidently, only temporary) from public life did not lead to any catastrophe also because "the most serious anticipated disaster" had already happened a while ago: Present-day Czechoslovakia does not need any dedicated federalists. When the president resigned, the federation of the Czechs and Slovaks had already been lost; Havel's step was not an action but a reaction. The president may and must leave the process of division to those who are responsible for it. By his capitulation before the inevitable situation, Havel performed a service to his state as well: Even the slowest learners in his country and abroad realized that Czechoslovakia was beyond salvation.

Vaclav Havel's "Market Value"

Since the Slovaks are not showing any interest in Havel's capital, the question is whether Havel is irreplaceable in the public life of the Czech Republic. Prime Minister Klaus would like to win him over for the office of the Czech president, but the partner does not intend to pursue his ideals without some specific political, constitutionally guaranteed space for maneuvering. Even if the new constitution guarantees him expanded powers, Havel's achievements in domestic politics would be limited—without the backing of a strong political party. It is possible that he actually may serve as a guarantor that the structures of the state can function, but not as an "honest broker" who is above the situation and who interferes here and there in his children's games in a friendly, paternalistic manner.

Havel's market value, although still very high, has somewhat declined even abroad. Havel's attraction for investors has diminished in indirect proportion to the degree to which the national economist Klaus has risen in the international financial world. The freethinkers in the

West still hold the dramatist and the managers the radical reformist in the top place.

Has Havel become less important for the Czechs? Can he be replaced at all? That he cannot be, or possibly only at the cost of losses whose worth in money cannot be estimated. As democracy in both republics matures, other forces, personalities, and institutions which took over many functions from Havel have become important. Nevertheless, no one was able, nor has anyone as much as attempted, to assume the country's spiritual guidance after Havel had given it up. It is precisely the spiritual sphere that needs an example and help. After 50 years of one dictatorship after another Havel's diagnosis of the Czechoslovak society, its self-confidence and ethics still applies: Both republics are "shattered and devastated to the highest degree."

Someone should know how to explain to the people that to come to terms with an erratic national past is no less important than the rate of exchange of Czechoslovak currency. Someone must lift up the banner of personal responsibility, sincerity, and reflection, the banner left orphaned in the park of the Lany Castle. No one is better qualified for that task than the man who had laid there that banner aside. To do all that, it is not absolutely necessary that Havel be president. It is a moot question whether the Czechs should not allow themselves the luxury of making such a man as Havel the head of their state.

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Points of Friction in Czech Coalition Discussed

*AU3009151992 Prague MLADA FRONTA DNES
in Czech 28 Sep 92 pp 1-2*

[Interview with Josef Lux, chairman of the Christian Democratic Union-Czechoslovak People's Party, by Petr Novacek; place and date not given: "It Would Be Foolish To Jeopardize the Coalition"]

[Text] [Novacek] With substantial support from deputies of the governing parties and at variance with the Czech Government's position, last week the Czech National Council approved the expropriation of seven palaces in the Lesser Quarter for its own needs. At this hectic time, this is, more or less, a trifle. Nevertheless, does this not foreshadow a possible conflict within the Czech Government coalition?

[Lux] I consider the "palaces for the Czech National Council" affair to be a signal that we have approached some kind of a junction. Either disputes will first be dealt with on coalition grounds, coalition parties' deputies will not oppose the government, and will proceed jointly in

discussions with opposition deputies, or there will continue to be hitches in communication within the coalition in the Czech National Council and problems will inevitably arise. The coalition parties' chairmen therefore met without delay. We agreed to hold consultative meetings once a week and to systematically encourage our deputies to improve their interaction.

[Novacek] On the question of the territorial and administrative arrangement, this surely will not be easy. The leading member of the coalition, the ODS [Civic Democratic Party], wants to increase the number of regions and to resolve the whole issue by means of separate laws by the year 1994. Your KDU-CSL [Christian Democratic Union-Czechoslovak People's Party], on the other hand, supports the land setup [zemske usporadani], which it wants to be clearly enshrined in the constitution of the Czech Republic.

[Lux] We really differ on this point. The KDU-CSL insists on the model of lands, with a minimum of three and a maximum of five to seven lands, each with the power of legislative initiative guaranteed by the constitution of the Czech Republic. Even during the coalition talks that preceded the formation of the Czech Government, this was a substantial matter for our party. We even made our signature under the coalition agreement conditional on its acceptance. Point three of this document quite clearly states that the coalition partners "are prepared to tackle the self-administrative status of individual regions of Bohemia, Moravia, and Silesia." The coalition agreement also specifies that mutual consensus of all partners must be reached on all questions of principle, which surely applies to this case. By the way, precisely because the ODS, the Christian Democratic Party, the Civic Democratic Alliance, and the KDU-CSL are coalition partners, one cannot speak about any "leading member of the coalition" as you have described the ODS.

[Novacek] Do I understand you correctly in that you are not going to yield to the ODS on the question of land setup and its guarantee by the Czech constitution?

[Lux] I would not formulate it that way. We are, of course, ready to discuss details. However, we have always respected the natural identity of some territories and have no reason to change that attitude. Incidentally, in its Resolution Number Four, even the Czech National Council commission for drafting the constitution identified with our land setup concept. It therefore appears to be the optimal basis for further discussion. Let us not forget that a minimum of 120 votes in the Czech National Council will be required for the constitution of the Czech Republic to be passed, which means that some opposition votes will be needed.

[Novacek] Honestly, is your struggle for land self-administration not also, or even predominantly, a matter of party prestige?

[Lux] The enforcement of a Czechoslovak union was one of the pillars of our election program. Almost two-thirds

of KDU-CSL members and a large part of our voters live in Moravia. Their longing for land self-administration, which would better suit local conditions, is strong. It would be appropriate to find such territorial and administrative arrangement as would not ignore this reality.

[Novacek] If for no other reason, than because the KSU [Christian Social Union], which Messrs. Andrysek, Bartoncik, and others are establishing in Moravia to spite the KDU-CSL, might gain political capital from your party's failure to push the land setup through. The KSU reproaches you, among other things, for having betrayed the ideals of the Czechoslovak People's Party and having sold the party to Klaus' ODS, to which you are constantly making concessions.

[Lux] I am certain that the people who are trying to establish the KSU will duly juggle with Moravian identity. Nevertheless, this is an activity of a few dozen people is directly proportionate to the ideals on which it was founded. As these ideals are, chiefly and predominantly, criticism and negation bordering on hatred, this activity, in my opinion, cannot last long. Regarding concessions to the ODS, my perception of this problem is different. The constitution must be a matter of agreement and not only among coalition parties. The KDU-CSL agrees with its coalition partners on all other points and so I assume that it will be they who will accommodate us regarding the territorial and administrative arrangement. I would consider any other course of action on their part foolish as it would run counter to the coalition agreement and destabilize the situation.

KDH, SKDH Exchange Views on Democracy

*92CH0983A Bratislava SLOVENSKY DENNIK
in Slovak 16 Sep 92 p 3*

[Article by M. Kodonova: "A Free Market of Ideas"]

[Text] The radio program "Afternoon" has enriched its broadcast with a stimulating journalistic format: the dialogues of individuals who present different views, which proceeds without any editorial interference, except for the opening and concluding announcements of the program.

On 10 September, a dialogue between Ivan Carnogursky, a deputy for the KDH [Christian Democratic Movement] in the Federal Assembly, and Bartolomej Kunc, the deputy chairman of the SKDH [Slovak Christian Democratic Movement], presented an interesting encounter and perhaps helped also understand the role of the opposition on the Slovak political scene.

Bartolomej Kunc repeated the familiar objections of the HZDS [Movement for a Democratic Slovakia] and of his own movement against the KDH's attitude to the declaration of sovereignty and to the Constitution of the Slovak Republic. In particular, he stressed the fact that both documents are much too serious and that their adoption is a historic, even fateful decision; therefore, he found it difficult to comprehend the conduct of the KDH

representatives. He would not even omit the widespread attempts to charge the deputies of the opposition with crime when he explicitly called the KDH "guilty." He based his arguments on ideological grounds. He resorted to such figures of speech as "the legacy of our fathers" and "a historic moment," regardless of the legal and practical consequences that may ensue from that "fateful decision."

Kunc presented an interesting argument from that point of view—namely, that Christian democracies all over the world follow national politics, that they follow the interests of their nation and state. That sounds very orthodox, and no one would dare raise any objection against that.

Nevertheless, reality tells us something else. For instance, every political party in Italy, including the Christian Democrats, reacts above all to the incentives from their voters and are not overly concerned about the stability of the state. For the same reason, since the end of the war about 50 governments, one after another, followed their example, which is proof of instability. Despite all that, Italy was accepted in the group of G-7, the seven countries with the most advanced economies in the world. It was not because its parties, including the Christian Democrats, respect some abstract norms, but because Italy has embraced market economy and parliamentary democracy, even though we may have our reservations against them. In a democratic society the state is not an idol, but rather a community, which the citizens themselves have established to administer their affairs and in defense against injustice of stronger individuals.

Furthermore, Kunc expressed the view that "the Christian Democratic deputies acted against our nation" and thus, exacerbated the position of Christian democracy in general. He forgot, however, that Christian democracy, which presents itself as an alternative to the communist and postcommunist system and not as its servant, cannot yet become a very strong party in a nation that had been successfully manipulated over 40 years.

As Ivan Carnogursky sees it, this is actually a fabricated conflict where the view on the Constitution has shifted from the level of principles to the level of partisanship, which will benefit neither Slovakia nor Christian democracy. Our nation now measures the situation by its own yardstick, on the individual level. Our citizens wish to live in peace, earn a living, and enjoy personal security. The KDH deputies could not vote for a constitution that obviously puts the executive power into the hands of a single group and thus, enables it to dominate the parliament. The Constitution includes articles according to which under certain circumstances the prime minister becomes the head of the state; as such, he would appoint himself, dismiss himself, and swear allegiance to himself. The Constitution says that it is superior to all other laws. How can we, regardless of our political views, explain that while the Constitution was adopted with such great jubilation, now the politicians of the HZDS and of the

SDL [Party of Democratic Left] pretend that the federation still exists? After all, the Constitution makes no mention that the Slovak Republic had concluded any kind of union with the Czech Republic and therefore, the federation is not covered by any state or constitutional document, which may generate negative consequences. "Am I then a deputy of a nonexisting parliament?" asked I. Carnogursky.

In his views, the Constitution contains many such gaps. It is precisely because the KDH deputies did not vote for it that they now have the right to propose constructive new solutions. As in the past, the KDH will utilize the intellectual and organizational capacities of its followers and its international contacts to Slovakia's benefit.

The exchange of dogmatic and pragmatic viewpoints in the dialogue between B. Kunc and I. Carnogursky shows how distant democracy still is to us. It cannot be firmly established until the politicians and the public accept the fact that one of the systemic constituents of democracy is a protected space for the opposition, and that it is inadmissible to brand as "sin" or "hitting below the belt" anything other than the majority view that we heard from B. Kunc's lips.

CSSD Faction Wants Cooperation With Government

*AU02101908 Prague RUDE PRAVO in Czech
28 Sep 92 p 2*

[Article by Alexander Mitrofanov: "New Current of Opinion Within the Czechoslovak Social Democracy Endorses Communication With the Government Coalition"]

[Text] Rakovnik—The Czechoslovak Social Democratic Party [CSSD] should behave like an opposition party, and not like an obstructionist party, and establish communication with the government coalition, particularly with the Civic Democratic Party [ODS], Jiri Faiifr, Czech National Council deputy for the CSSD, told the RUDE PRAVO correspondent on Saturday [26 September], after a meeting of some CSSD Central Executive Committee members and district functionaries.

According to CSSD Deputy Chairman Josef Zanda, the 60 participants in the meeting included almost one-half of all CSSD Central Executive Committee members. Zanda told RUDE PRAVO that the organizers sent out invitations to the meeting on the basis of the ability to communicate and exchange views. Asked to give an example of possible cooperation between the CSSD and the ODS, Zanda mentioned "recognition of the economic reform with certain social democratic elements." He described participants in the Rakovnik meeting as a current of opinion within the CSSD. The question of candidacy for the post of CSSD chairman was not raised in Rakovnik, according to Zanda. He did not rule out, however, that "after a serious discussion with [CSSD Chairman] Jiri Horak, a candidate for the post of CSSD chairman, might be proposed from the ranks of this

group." According to Zanda, Horak "more or less welcomes" the initiative to organize the meeting in Rakovnik. In a statement, the participants in the meeting expressed agreement with Horak's policy. Zanda declared that this current of opinion would prepare draft documents on CSSD policy by the end of this year.

CSSD Central Executive Committee member F. Bezucha noted that the CSSD should look for what the government parties are doing well and should cooperate with them on this basis. Premysl Janyr told RUDE PRAVO that the people who met in Rakovnik represent the CSSD members base and are backed by it. Replying to a RUDE PRAVO question, the spokesmen of the group that met in Rakovnik said that this current of opinion comprises almost 50 percent of members of the CSSD Club of Deputies in the Czech National Council. Josef Zanda is the CSSD Club of Deputies representative in the Federal Assembly.

Slovak Government Said Considering Own Daily

AU0410210592 Prague *LIDOVE NOVINY*
in Czech 1 Oct 92 p 3

[Article by "(zsa)": "KORIDOR, Knazko, and the Constitution; The Slovak Government Is Contemplating Its Own Daily"]

[Text] By its hard-line diction and persistent endorsement of the—first assumed and, subsequently, real—winner of the parliamentary elections in the Slovak Republic, the daily KORIDOR has from its very first issue assumed the role of a government daily.

The fact that the masthead designates it as a "daily for Slovakia" does not change this in the least. Its reporting is cogent and its articles and commentaries attempt to get deep under the skin of, in particular, the formerly ruling politicians who are now in opposition. However, the newspaper has never confided to its readers that its five owners include Milan Knazko, chief of the Slovak diplomatic service, and Igor Slobodnik, son of the Slovak minister of education. This fact was one of the most hotly debated issues at a recent assembly in Bratislava where citizens, journalists, and government representatives discussed the right to objective information and threat to press freedom.

Ivan Mjartan, state secretary at the Ministry of Culture, confirmed the facts about who owns KORIDOR and did not rule out that this might be "the same conflict of interests between a government post and business activities as the one for which [Federal Deputy Prime Minister] Miroslav Macek is being reproached." Commenting on the case, [Slovak Prime Minister] Vladimir Meciar said that Milan Knazko does not consider himself to be owner because he placed his share at the disposal of the Movement for a Democratic Slovakia so that it can take it over from him. "We have not done that, however," the Slovak prime minister said. His statement indirectly confirms unofficial information,

according to which the Slovak Government finds KORIDOR's excessive zeal annoying, which is why it seeks the establishment of a new, "truly government" paper.

What is at stake, however, is more than just one not-too-widely-read daily that provides a platform, above all, for journalists associated in the "For a True Picture of Slovakia" movement. The Constitution of the Slovak Republic goes into force today, according to the provisions of which cabinet members must not engage in private business. This is undoubtedly what the Slovak prime minister had in mind when he stressed that Milan Knazko had surrendered his share in KORIDOR before joining the government. "As for the other members of the Slovak Government, we have a constitution guaranteeing the incompatibility of business and government activity," Vladimir Meciar said, and added: "I personally asked members of the government and they all told me that they meet those demanding criteria."

Colonel Krizenecky Views Issues Facing Army

AU3009162592 Bratislava *PRAVDA* in Slovak
25 Sep 92 pp 1, 7

[Interview with Colonel Krizenecky, chief military prosecutor general, by Alena Borovickova; place and date not given: "There Is No Place for Political Adventure Now"]

[Text] Regarding the partition of the federation, the army is in a situation that could be described as "nasty." It is difficult to imagine its rapid partition, as rapid as Czech political representatives, in particular, want to accomplish. We asked Colonel Krizenecky, chief military prosecutor general, about the situation at the Military Prosecutor's Office, an office that is an important component of the Army.

[Borovickova] The Army has its accounts payable and receivable. There are criminal offenses that have not been solved. What will happen to them?

[Krizenecky] I think that whoever is preparing an early partition of the federation, including the partition of the Army, does not fully realize problems related to this partition. I will give you an example, using the criminal case of former Federal Minister Frantisek Kincl, First Deputy Prime Minister Alois Lorenz, and Chief of Counterintelligence Karel Vykypiel. A paradoxical situation may arise here. Lorenz is a citizen of the Slovak Republic. We can prosecute him as a foreigner, since we are saying that he committed crimes on the territory of the Czech Republic, but he is not in custody and is in Slovakia now. At the moment the Slovak independent state is established, we can demand his extradition, if he does not appear in court. However, the Slovak Constitution prohibits it. There is no treaty on legal assistance. It may happen that Lorenz will have to be tried separately. He will then become a witness in the Kincl-Vykypiel process. If the Slovak side decides that it falls within its own jurisdiction, then the two would become witnesses—and the accused, at the same time. They could lie without risking prosecution. From this

example, we can see that by early partitioning absolutely unsolvable problems may arise—an unsolvable charade.... There are more things like that.... It would be more simple if they were in custody, thus eliminating the need for their extradition to a foreign country. However, this is only a wish. Today, more than 90 percent of those accused of having committed criminal offenses—thefts, rapes—are at large. The problem of jurisdiction, and transferring jurisdiction, can be solved, but only by a perfect international treaty on legal assistance. However, there is not sign whatsoever of such a treaty.

[Borovickova] Much has been said about the serious shortage of military lawyers. On the other hand, everything testifies to the fact that current politicians do not consult with experts too much. Who should prepare such a treaty?

[Krizenecky] Only experts in modern law, who have perfectly mastered volumes containing thousands of pages, should draw it up. In this regard it comes to my mind what Jiri Setina, the new Czech Republic's prosecutor general, said recently, that is, that prosecutors should not deal with marginal issues, but with the suit alone. This testifies to the fact that he has not read, at all, the law on the Prosecutor's Office. The Prosecutor's Office has even been entrusted with legal assistance as related to foreign countries. It includes some 3,000 to 5,000 cases every year. If they call it a marginal issue, then the CSFR will be expelled from the family of democratic states. I have a feeling that the most important positions are filled by people with insufficient expert knowledge, who can only barely imagine what the Prosecutor's Office should actually do. If he considers as marginal issues things such as complaints or rehabilitations, then I have the feeling that, at least, he does not know what he is talking about....

[Borovickova] What benefit do you see in prosecuting people in the military, if the Chief Prosecutor's Office will reportedly be abolished? Will it start an avalanche that will jeopardize security in one or in the other republic?

[Krizenecky] The Czech side said, through the mouth of its prosecutor general, that the Military Prosecutor's Office cannot exist in the present form. This means that it will be abolished and its agenda will be taken over by general prosecutors and courts. It was said a number of times that the Czech legal system is facing a collapse. Only for illustration: In the Czech Republic, the Prosecutor's Office is working on 1,600 criminal cases (519 in the Slovak Republic). Their number is growing constantly. Someone has to resolve this situation before 1 January 1993. It will not be easy, since the Military Prosecutor's Office has its specific duties. Military criminal offenses require a specific attitude and familiarity with several hundreds of pages of military regulations. Moreover, we must not forget that in the event of the country's disintegration, a high degree of discipline and order must be preserved in these organs. Should this not happen, then a small spark would be enough to kindle

the Balkan solution. This danger is here, and I would describe it as an inadmissible hazard if someone is not expert enough to deal with that problem and to introduce sufficient legal safeguards. I am in favor of making the military legal system more civilized. This should be our objective, and there should be a relatively long period of transferring the jurisdiction of military courts to the civilian sector. We have drawn several alternative solutions, in Bohemia and in Slovakia. We are trying to wake up the politicians, since a well-accepted political declaration has its legal consequences. We are trying to convince them that political popularity does not mean that a solution they adopt is good from the legal point of view. The present period can be described as a period of tremendous contempt for law. We know that the only stabilizing factor in tense situations is the respect for law. There is no place for political adventures now.

[Borovickova] The Military Prosecutor's Office is functioning and solving problems. What are you facing? As soon as the federation is divided, can the convicts look forward to a certain type of amnesty? For example, the kind Havel granted when he became president?

[Krizenecky] Recently, we had large thefts of weapons. Contract thefts, undoubtedly. Today, we have thefts of propellants. There is a great probability of more thefts. They are linked to unclear prospects of professional soldiers. Weak supervision activity, too, has something to do with it. As for the amnesty, the idea is very popular, but it is illusory to think that it can solve political problems. I think that politicians—newly elected presidents, in particular—will certainly take such a step. We can only think about the consequences....

KDH Economist Faults HZDS Political Premises
92CH0912A Bratislava SLOVENSKY DENNIK
in Slovak 25, 27 Aug 92

[Interview in two installments with Mikulas Dzurinda, secretary of the KDH Economic Club, by Jozef Gal; place and date not given: "Solid Foundation and Hope"]

[25 Aug pp 1, 5]

[Text] [Gal] As time goes on public discussion of the likely consequences of a breakup of Czecho-Slovakia is growing in volume and intensity. Those with a broader horizon and training which enables them to perceive the essence of the problem in greater depth take one view, other citizens take another. But they too have something to say on the subject because they too are vitally affected as indeed we all are. One camp forecasts catastrophic consequences, in particular for the Slovak economy, the other on the contrary views independence as the solution to all our problems, and still another sees the way out in the proposed customs union and agreements as were outlined in the conclusions from the HZDS [Movement for a Democratic Slovakia] and ODS [Civic Democratic Party] talks on 23 July 1992. What development, particularly in regard to the economy, do you foresee?

[Dzurinda] It is only seemingly a simple question. In reality its breadth and complexity require a correspondingly composed answer, especially if we want to avoid distorting oversimplification. Therefore we would do well to break it up into two parts. One is analysis of the present state of economic transformation and the current government's orientation. The other part will be the results achieved thus far in the talks between the election victors on matters of the state powers arrangements.

[Gal] How then can one characterize the state of economic transformation taking into account the discontinuity caused by a change of government?

[Dzurinda] The previous government resigned on 24 June and thus by the end of June it was possible to compile a kind of an inventory of economic transformation, for instance by the following countrywide indicators:

Gross domestic product—as the overall indicator of production it declined during the first quarter of 1992 only by 1.5 percent from the fourth quarter of 1991; in the second quarter of 1992 the decline was halted.

Industrial production—in the first half of 1992 fell by 20.2 percent compared with the same period of last year, but in June alone the decline was only 10.7 percent. These data and market research anticipate a full-year result only 8.7 percent off compared with 1991.

Construction industry—production rose by 4.5 percent in the first half of the year.

Growth of inflation—in June 1992 a mere 3 percent over December 1991.

Bank reserves of foreign currency—rose by about \$800 million in the first half of the year, to a total of \$4.7 billion.

Trade balance—ended with a surplus of 10.2 billion korunas [Kcs].

When we add the stable currency, the auctioning off of Kcs13.4 billion worth of productive units during the small privatization in the Slovak Republic [SR] alone and 30 percent of “sold” corporations in the first round of coupon privatization, we arrive at a result attesting clearly to the effective policies of the preceding post-November governments.

[Gal] There has been a lot of talk, especially on the part of the incoming government, of a “horrendous” deficit in the state budget left behind by Dr. Carnogursky's government. Also about the rise in internal indebtedness connected with it.

[Dzurinda] A SBCS [Czechoslovak State Bank] report on currency trends in the first half of 1992 says that “the current account of the sum total of state budgets in the first half of 1992 ended with a surplus of Kcs4 billion.” The economic monitor of the Slovak Statistical Office reports that as of 30 June the balance of the SR state

budget was minus Kcs133 million, representing a mere .2 percent of the SR state budget's half-year revenues. Thus Federal Finance Minister Klak was fully justified in stating that “the budgets of the Federation and the SR as of 30 June 1992 were essentially in balance.”

[Gal] So the new government could just as well have spared itself the whole excitement about billions supposedly eaten away. On what basis has it reacted so loudly and irately?

[Dzurinda] On the basis of the fact that there exists a difference between the cash balance in the state budget and its true, real balance. Due to the time lag between apportioning joint tax revenues and their subsequent crediting to republican budget accounts the actual budget balance is permanently “running behind.” Thus the real account balance becomes known only after a certain passage of time. But there is also some reason for “raising a cry” in the strain put on state budgets by revenues not reaching planned levels. But this was a problem also for the preceding government, right now the three present governments have it. But making one's position easier at the expense of the preceding government was not fair.

[Gal] Let us return to the past year which ended with a deficit in the SR's state budget. What effect does it have on the overall internal indebtedness?

[Dzurinda] According to the EC standards for a currency and economic union to take effect on 1 January 1993, deficits in state budgets are not to exceed the limit of 3.5 percent of gross domestic product. In July 1992 the Slovak Statistical Office published an experimental calculation of SR gross domestic product in 1990. It came to Kcs241.7 billion in current prices. Even if the methodology and data base of the calculation are further refined, it can be surmised that if we managed to maintain the 1990 level of the gross domestic product also in 1991 the Slovak Republic could “claim” a deficit of Kcs8.5 billion. The net SR state budget deficit, as we know, was Kcs6 billion. The SBCS report cited earlier states that the overall internal indebtedness as of 30 June 1992 amounted to Kcs50 billion which is below the maximum allowable limit agreed upon with the IMF.

As for external indebtedness, in the world generally it is expressed by a debt ratio calculated as the relationship between external debt and exports. For 1990 our country's debt ratio amounted to about 55 percent while for Hungary it was 242 percent and for Poland 252 percent. In 1991 the CSFR's ratio rose to 77 percent which is far more favorable than in the neighboring countries undergoing transformation.

[Gal] So it would seem that the theses about the Czechoslovak economy “picking up” from the bottom of economic decline, about clear indications of an economic revival have their justification. But can one say the same from the perspective of the Slovak Republic's economy?

[Dzurinda] Without any doubt the indicators found by analysis are not so encouraging from the perspective of the Slovak economy but the positive trends, indications that the chosen reform course is correct can be observed also in the Slovak Republic. In CSFR statistics for the first half of the year, for instance, one is surprised to see that the drop in industrial output in the SR (19.9 percent) was slightly less than in the CR [Czech Republic] (20.4 percent). Prices in the CR rose during the same period by 3.8 percent, in the SR by only 1.9 percent. The fact is that unemployment decreased in both republics, though more significantly in the CR (2.7 percent; SR, 11.3 percent). Also, the CR's share in the favorable balance of trade amounted to Kcs9.1 billion; the SR's share only Kcs2.2 billion. Another fact is that retail trade in the CSFR during the first half of the year increased by 23.5 percent on an annualized basis, in the SR "only" by 5.2 percent; in physical volume the CSFR increase was 13 percent while the SR registered a decline of 2.4 percent. But more important than numbers are the trends. They show conclusively that the Slovak economy, too, even though picking up speed with greater difficulty, has (or had) all the basic preconditions for surmounting the obstacles facing it. I am also pleased by such indicators (trends) as the structure of entrepreneurial entities (as of 30 June there are 16,328 in the SR of which 9,672 are private). As of that date the commercial registry listed 4,189 entrepreneurs of whom one-half registered in this very period of 1992. We have 364,000 small businessmen [zivnostnici] and for one-third of them the business is their sole source of income. In the final 10 weeks of the first half-year we recorded an influx of \$57 million in foreign capital, compared with approximately \$100 million for the entire year of 1991.

[Gal] So you are satisfied?

[Dzurinda] In the first place, a solid foundation and a hope. I think the previous governments have done what they were supposed to. Among the many comments and evaluations the one I regard as the most incisive is by Dr. Wiesmayr of the Vienna firm Die Erste Invest-Consult who writes (HOSPODARSKE NOVINY No 155) that "it is evident that important foundations have been laid for a microeconomic transformation of the economy into a market economy and for its orientation toward a healthy and promising economic growth...." This is how the Christian Democratic Movement, too, saw and continues to see the issue and how it presented it also during the election campaign. As we set out to build a new house with which we wished to join the community of homes being erected by the European nations, we have managed to lay its solid foundations by a 95 percent price liberalization and by liberalizing foreign trade. Now we ought to continue with putting up a "rough frame" which should not take too long even when building a family home. This means a rapid and thoroughgoing privatization of the state-run economy accompanied by consistent support for small and medium-sized businesses, infusion of foreign capital as well as targeted public

investment. It should conclude with the final stage of construction—a substantive restructuralization of productive capacities.

[Gal] It is still too early to evaluate the government's work. Let us give them 100 days. Nevertheless, how do you judge its approach to economic reform? Will the rough frame rise up rapidly, or is a new house being planned?

[Dzurinda] Indeed the time is not yet to judge the government's first steps. So I confine myself to the SR Government's Program Declaration and political agreements between the election victors.

The most serious problem I see is that the government, evidently in an effort to chart for itself the most favorable starting conditions, presented a very bad and distorted evaluation of the progress in economic reform to date. And so theses slip into the program declaration (directly or indirectly) about economic sovereignty of the SR, SR as a sovereign (supreme) tax subject, about new budget rules from 1993 on ("everyone pays his own way"), about the need for a new economic reform—selectively prodevelopment, based on researching the SR's comparative advantages and corresponding effort to capitalize on them. Possibly it was also an effort to give the greatest possible justification for a political decision—to divide the CSFR into two independent states.

But from the point of view of economic reform I regard it as unfortunate because such an approach needlessly holds it back and at the minimum endangers its results. It poses a danger for two reasons: that it proposes to approach reform on a fundamentally "other" principle and that we are giving up close coexistence in proceeding together with the CR.

[Gal] But that precisely was why the opposition faulted the past government, that it did not sufficiently defend Slovakia's specifics, that it was unable to strike out on its own reform path.

[Dzurinda] Yes, that's where the dog lies buried. But the funny thing is that the effects on Slovakia are one thing and the principles of reform another. I am convinced that the principles of economic reform apply to both republics equally. The only issue is whether we stick it out in an honest game, or begin to juggle. It's right after the Olympic Games. We have seen that among the victors there also were some who only yesterday had lagged behind. But surely now they won not thanks to any juggling but rather to hard training. Statistical analyses as well as partial trends suggest—in my opinion, rather clearly—two things: on the oval track of the CSFR's economic transformation the Slovak economy is the weaker runner who however has nevertheless joined the race and started to train hard. Now the issue is whether he will keep pace with the stronger sparring partner, even though with clenched teeth, or let go of him and get relief. I propose perseverance.

[Gal] But it seems that pretty soon there will be no one to run with. The so-called second Bratislava agreement between ODS and HZDS suggests that the runners are leaving the common stadium.

[Dzurinda] Indeed, so it does. The weaker runner is refusing the training sessions, has proposed a completely different training program. Two problems intersect here—political and economic. From a narrowly economic perspective one can be hardly surprised by the ODS position if what HZDS has in its election program and what it also got expressed in the government's program declaration is to be actually carried out. But the division of the state into two independent countries will bring problems to both, yet evidently greater ones to Slovakia. But the CR is fully cognizant both of its chance and of the danger of dithering. Therefore, realizing the impossibility of harmonizing political goals (insistence on graining for the SR and status of a subject under international law), it formulated the second Bratislava agreement, replete with contradictions, unclear passages, sketches, but in one respect abundantly clear and concrete—on the demise of the federation.

[27 Aug pp 1, 5]

[Text]

"Double-Edged Hammer"

On Tuesday we printed the first part of an interview on important aspects of present-day political and economic developments. Economic expert Eng. M. Dzurinda discussed the problems arising from a division of Czechoslovakia, commented on the state of economic transformation, noted the unfair attitude of the present government team toward its predecessors and analyzed the requirements for a possible revitalization of the economy. He also touched upon the new administration's approach to economic transformation from the perspective of talks with the Czech partner, the ODS. Following up organically on this conversation is its second part leading off with this question addressed to the Bratislava agreement: Is it a serious foundation or a mere "fig leaf?"

[Gal] What conflicts and contradictions do you see in the 23 July 1992 agreement between HZDS and ODS?

[Dzurinda] I see the conflict within the agreement itself and then between the agreement and the government's program declaration. The agreement envisions:

- The establishment of a customs union.
- An agreement on free movement of labor, money, and capital.
- A payments union.

Establishment of a customs union without a currency and economic union is for all practical purposes impossible. If Slovakia wants to be the supreme tax subject (see the government's program declaration), if it wants to be a sovereign customs territory (see the draft of the SR

Constitution), if it wants to budget consistently on the principle "each pays his own way," a customs union is a mere fiction. A customs union means that customs tariffs vis-a-vis third countries are equal and constitute revenue flowing to the common entity—the union. Common because it is for all practical purposes impossible to apportion them exactly, and attempts to do so would lead to efforts to lure away import (transit) of goods through this or that republic which would be economically counterproductive.

If one of the republics strives to conduct a sovereign economic policy, it means that it wants to conduct an independent fiscal policy, thus including also the setting of tax rates. Different taxes will very quickly lead to protection of domestic products, thus to the erection of a customs barrier.

Without a unified economic area, without harmony in the economic policy, that is, without an economic and currency union free movement of labor and capital also becomes very problematic. If one republic endeavors as the first order of things to complete price liberalization (and for this reason, too, incurs higher inflation—see the statistical indicators cited earlier) and loosen up wage regulation gradually and cautiously (CR), and the other tends rather toward the opposite direction, it can easily lead to labor migration connected with unemployment pressures which instantly calls for administrative measures on the part of the "threatened" side.

It is also well known that capital seeks out countries with higher interest rates which again is not appreciated by countries from which it turns away.

[Gal] How then is it possible that such a, say, half-baked product was signed by both parties, including ODS?

[Dzurinda] There may be several reasons. One of them in my opinion is the strong determination of the Czech side not to lose the tempo in economic reform. One can hypothesize about several other alternatives but, also in view of the forceful HZDS entry into the postelection talks and as it appears its unyielding stand on matters of principle, the most likely is the one suggesting that the imperative of subjectivity under international law on the one hand and the totally different notions of how to proceed in economic transformation face the ODS with the only acceptable variant—demise of the federation and the emergence of two independent states. So as not to scare the wits out of HZDS it was necessary to leaven the agreement, if one may put it in vulgar terms, with a little Mickey Finn. By this I do not mean to suggest that certain limited (temporary) agreements between the new independent states may not be possible.

[Gal] From what you said one could conclude that the consequences of the demise of CSFR and the emergence of two independent states will be more painful for the SR.

[Dzurinda] We have available several analytical materials comparing the advantages and disadvantages of the

prospective independent states—CR and SR—and some of them even quantify the losses from an eventual separation. The first of these materials is the "Report on the Economic Consequences of an Eventual Division of CSFR Into Two Independent Republics" dated November 1991 and prepared by Dr. Carnogursky's government. Great stir was caused by the study of the "Czech and Slovak Union Confederation, Economic Consequences of an Eventual Division of CSFR," of July 1992. In the meantime a stir was caused by the "catastrophic scenario" of the Czech Government, presented as unofficial. A partial evaluation was attempted also by the Vienna Institute for Comparative Studies, as well as by the chairman of the CSFR Federal Statistical Bureau. The prevailing view is that the division of CSFR will affect both republics negatively, the Slovak Republic more.

[Gal] Why?

[Dzurinda] Among the main arguments is especially that the SR has a relatively smaller domestic market, its products are less competitive, but on the other hand is more dependent on eastern markets, has greater problems with the conversion of armament industries, a production base more demanding in terms of energy, material and raw material inputs, less developed processing industries, less favorable conditions in farm production, as well as a lower labor productivity, fewer qualified workers in foreign trade and in the area of handling foreign currency accounts in trade with foreign countries. The Czech Republic enjoys a more favorable geographical situation, a greater natural and mineral wealth, a more developed infrastructure. Yet it also has more "aged" production and nonproduction facilities, greater problems in the area of ecology (for instance the share of clean fuels is 34 percent in the CR, 59 percent in the SR). But of great importance is also the fact that production relations and joint production links between the two republics are very closely intertwined, tightly bound, while on the other hand, there is a number of commodities the production of which is exclusive to or nearly a monopoly in one of the republics. The question is how these relations will develop after the demise of the common state.

[Gal] Frequently, we encounter the view that "catastrophic scenarios" have only one purpose—to instill fear in the citizen. Yet can you cite also some of the consequences which have been quantified into the language of numbers?

[Dzurinda] The issue is not to intimidate. It is that we realize there are two edges to each hammer. To ignore the risks flowing from fateful political steps is not rational. After all, even the SNR [Slovak National Council] when approving the government's program declaration directed the government to prepare such a "catastrophic scenario" by 15 September 1992.

But in answer to the question: The materials cited earlier have dared to quantify especially the following measurements:

—Gross domestic product, to decline as a result of the division by 10-15 percent in both republics.

—In the SR, taking into account the less favorable production conditions, a 15 percent increase in food prices, 13 to 20 percent in prices overall (without a possible devaluation).

—In the SR unemployment rising to 20-25 percent, regionally up to 30 percent (500,000 to 600,000 Slovaks live in the CR, 31,000 Slovaks commute to work in the CR, 3,500 CR citizens commute to work in the SR). In the CR the increase in unemployment is estimated to reach the level of 10 percent.

—Deficit in the Slovak Republic's budget due to a rise in its revenue but primarily expenditure side (costs of taking over federal functions, expenditures for security, defense, social welfare and other), Kcs15 billion (the SR scenario), up to Kcs30 billion (the trade union scenario).

[Gal] What are other potential risks facing us from the division of the common state?

[Dzurinda] Risks which must not be ignored are quite numerous. The principal risk lies in the failure to accomplish what both sides will surely strive for and what is also anticipated by the scenarios cited earlier—the elimination of negative emotions, the elimination of "spite acts" by one or the other side. Problems may arise already in dividing up the assets. Take only the Czechoslovakia Air Line. In NARODNA OBRODA of 18 August 1992 the minister of transport and communications complained that the SR share in this enterprise is too low, that the preceding leadership of the MDS SR [Slovak Republic Ministry of Transport and Communications] had not exerted itself enough in this matter and that nothing can be done about it today. Neither one nor the other is true. The former MDS SR leadership presented to the CR Ministry for Economic Policy and Development three variants of asset apportionment for civil aviation enterprises while the CR refused to bring such negotiation to a conclusion within the time specified. Now the moment is suitable for doing so because it is the time of approving privatization projects and soon, it would seem, also the time for dividing up the assets of the common state. But Mr. Minister has no intention to fight.

If this risk becomes reality we will see what we find as a potential danger in the trade union scenario—a trade war. But a still greater danger, at least in my opinion, is an information blockade of Slovakia. Information is nowadays the decisive factor in modernizing production as well as other activities. The decisive databases, data banks are however in Prague, all the decisive information flows from the world come to us through Prague. The more pronounced will be these risks, the more

pronounced will be the emergence of others—a brain drain, foreign capital going elsewhere, a slowing down of privatization, delayed entry into the EC. These last risks exist objectively even in case of an amicable divorce, just as, considering the state of foreign trade, the risk of inability to maintain the internal convertibility of the Slovak koruna.

[Gal] Sir, finally the most complicated question: What development do you foresee personally in the event of Slovakia becoming independent?

[Dzurinda] There are, I believe, two terminal alternatives. The optimistic one says that we will manage to pull off a “little Maastricht,” that is, a combination of political sovereignty and economic nonindependence, meaning a partial economic integration (customs, economic and currency union). Even if HZDS were compelled to modify many of its positions and declarations, it is hard to believe that the CR would find such a model acceptable (put more simply, Slovakia would have to embrace the “Czech” economic transformation once and for all, the Czech lands would have to accept Slovakia’s subjectivity under international law).

The other terminal alternative is an independent state with full independence also in the economy, with its own currency. There is no doubt that this alternative would mean a considerable belt-tightening for Slovakia, in the event of a messy or uncontrolled breakup possibly also what BUSINESS WEEK recently prophesied for us—that “in Slovakia the economy will probably plummet in a free-fall.”

Hence it is clear that the closer we come to alternative number one in the event of the federation’s demise, the greater Slovakia’s chances to ride out its economic problems.

212 HIV-Positive Cases in Czech Republic

AU3009104092 Prague RUDE PRAVO in Czech
25 Sep 92 p 2

[Article by “(per)”: “A Total of 212 HIV-Positive Cases in the Czech Republic”]

[Text] As of the last day of August, there were 212 HIV-positive cases in the Czech Republic, of these, 78 foreigners.

There are 27 cases of full-blown AIDS, and of those, one foreigner. These figures were given to a RUDE PRAVO reporter at the Health Ministry on Thursday [24 September].

The same day, the foundation “Jointly Against AIDS” was established by the Central Bohemia Health Office, which is based in Prague, and by the Semaphore Theater. As the foundation’s director, Dr. J. Holub, told reporters, the foundation will seek to alleviate the consequences of AIDS spreading among our young people. An AIDS prevention office has existed at the Health Office for almost one year and 100 clients have visited it. A total of 2,000 people have called the Help Line, mostly in regards to the possibility of an anonymous test, and HIV and AIDS symptoms. Men call more frequently than women, and they are mostly between the ages of 21 and 49. The Help Line number is (02) 291-773.

Present, Future of Security Policy Orientation

92EP0660A Warsaw RZECZPOSPOLITA
in Polish 8 Sep 92 p 3

[Article by Jacek Kwiecinski, journalist and politician linked to the Movement for the Third Republic: "On Poland's Security—Today and in the Year 2010"]

[Text] The recently published working draft of the Republic's defense doctrine contains a number of beautiful and sometimes even new and bold slogans, declarations and announcements. It is a perspective treatment, although it may be treating "national security" a bit too narrowly.

The perhaps slightly delayed, but, at last, explicit statement in the introduction is gratifying: "After a half-century's interruption, the Polish nation desires the restoration of a general cultural orientation to the West."

But in the past many programs have already been presented to us (e.g., Lech Walesa's presidential program called "A New Beginning"), and no attempt to implement them has even been made. Certain doubts, therefore, are justified. Perhaps this skepticism is exaggerated, but the issue is too important to pass over it in silence. We have to remember that after obtaining broad powers in matters of the country's defense, the president of the republic even recently pushed the concept of NATO-bis, which was generally accepted as symbolizing an orientation different than that the doctrine talks about.

Shortly before the draft was published, Defense Minister Janusz Onyszkiewicz once more—this time in an interview for RZECZPOSPOLITA entitled "The Military Will Be Able To Manage"—offered opinions that make it impossible to regard him as an advocate of the attainment of the goal presented a couple of days later: "Poland Is Striving for Membership in NATO" (in any case, its significance was weakened in the draft by underscoring the special role of all kinds of bilateral treaties). In other speeches the minister presents himself more as an advocate of an orientation in which all those around are treated evenly.

What is striking about these types of utterances and actions is the total absence of any mention of who, and what, caused the interruption in Poland's cultural orientation. Such terms as "sphere of influence" or "communism" are not used at all. One might get the impression that the events they describe receded into the past with such extreme rapidity that they never existed at all. In the New Europe, which presumably has been assured to us once and for all, the past is not reflected, nor can it be. In this situation, the intent to evenly distribute the armed forces throughout the entire country appears not only as something obvious, but also as something revolutionarily bold and unusual (during Admiral Kolodziejczyk's times these forces were distributed only in western and central Poland and no change in this had been planned for a very long time).

Minister Onyszkiewicz announces that a military treaty with Russia will be quickly concluded, saying that this will be a routine gesture, of no special significance and about as important as the agreement with Latvia, for example. It appears that the minister is somewhat mistaken. Already today it is hard to say with what kind of Russia this treaty will be concluded, which will undoubtedly be binding on the Republic. Nor do we know at all what Russia will be like in the future.

One of the Russian military dignitaries, General Grachev, also spoke publicly the same day as the minister. He announced outright that the troops of the former USSR would not withdraw from the Baltic countries because this is an area that is too strategically important for Russia. Another military dignitary, General Dubynin, recently advised Poland to again bind its natural, for Poland, military and political ties to Russia. He even went so far as to say that there is a vacant open place for the Polish Army in the armed forces of the CIS. General Dubynin also constantly underscores the prevailing importance of unknown provisions in the state treaty signed by President Walesa recently in Moscow between the two countries. Anyway, he has already frequently questioned many of the provisions of this treaty.

Similar speeches can, of course, be ignored. Nevertheless, more and more is being said throughout the world as to who and to what degree controls the former Soviet Army, its command and its general staff. The differences between Russia, which can be called, by mutual agreement and in short, the new Russia, and the Russia attempting to retain or recover its sphere of influence, are being raised. It is said that the latter, apparently, is based mainly on the army and its leadership cadre, which can be described as unalterably Soviet.

And it is precisely with the Russia of Generals Dubynin and Grachev that Minister Onyszkiewicz wishes to conclude a treaty, and it is on this Russia, too, that, not perceiving the above-mentioned differences, he bestows his confidence and has complete faith in its good will. One does not have to have an anti-Russian phobia—precisely the contrary, one can be a friend of a democratic Russia—to have some doubts as to the correctness of the minister's assessments and intents. It would be worth knowing who decided and when that there is an urgent need now to conclude a military treaty with Russia; does the urgency to take this step ensue from a concluded international treaty and how is it supposed to bring us closer to the restoration of an orientation to the West?

The strength of the military lobby in Moscow has already been demonstrated by the offer/demand already officially presented to the Baltic countries to leave Russian military bases on their territories permanently, which recalls the sad analogy from the past and demands that we take a hard position on the matter of the famous partnerships. Minister Onyszkiewicz declares that the agreement will facilitate an exchange of officers, among

other things. We do not know whether this means a return to the concept about which he spoke when he was deputy minister, namely the idea of training Polish officers both in Moscow and in the West. The failure to perceive the fact that we already have a sufficient number of officers schooled in Moscow stems from the already-mentioned conviction about the lack of any kind of connections, on similar issues, between the present and the future.

The natural and obvious need for continuity is seen in other cases. The conducting, by the leadership of the Ministry of National Defense [MON], of the total defense of the military special services of the Polish People's Republic WSI [Military Information Services], fully identifying them with the services of the Republic of Poland, putting them on the same footing and equating them with the services of countries that have always been normal and sovereign, is proof of the total relativizing of communism and denial of its special character. At the risk of being somewhat malicious, one might conclude that the minister never heard the acronym GRU [Main Intelligence Administration].

It is not "pathological anticommunists" but rather almost all Western specialists who are stressing, meanwhile, that the structure and activities of the GRU remain unchanged. WSI, if only due to the integrated system of all fields of activity of the Warsaw Pact, simply could not be not closely connected with GRU; it is also difficult to believe that all of the informal connections and contacts were severed and discarded. We are speaking here about the special services under the apparatus of the generals in Moscow, its orientation and its policies. WSI was not practically "cleansed" at all since 1989. But the minister believes today that any kind of desovietization would be highly detrimental to the Polish Army, and disastrous to the country (could it be that all of the generals and colonels occupied leadership positions in the PZPR [Polish United Workers Party]), and the president calls all steps in this direction a reprehensible "splitting of the army from the political standpoint." The "deliberate cadre maneuver" announced by the MON leadership includes the departure of many generals, but also the dismissal of many younger officers. The only criterion for change is to be "professionalism and competence," while the special friendships and ties with the previous regime, inside of Poland and on the outside, are deliberately ignored. Anyway, is it possible that the "least competent," or the most troublesome, may turn out to be among the younger officers, those who too openly declare their exaggeratedly anticommunist views?

According to the minister, the credibility of the special services and in general the command cadre of the Polish Army will not be restored by a definitive severance of all external connections, or even of only those that are suspect, but on the contrary, by totally ignoring the possibility of the existence of these connections and failing to making any kind of changes in this regard. It is difficult to assume that Western military people and

politicians share the minister's opinion on this, although they will probably not tell the leadership of MON this outright. It is also hard to believe that in this situation they would be friendly and helpful in our reorientation to the West, in tightening our real ties with NATO, to say nothing about supporting Poland's membership in the Pact. If matters were to proceed exactly that way, Minister Janusz Onyszkiewicz could say that his views, expressed for a long time, have proved to be correct. They show a great deal of reserve as to the possibility, or even sense, of institutionalizing Poland's relations with NATO, our military membership, or at least our political membership on the pattern of the French, i.e., full and genuine and not just symbolic membership through the Coordinating Council, which will soon encompass all of Europe. Finally, as the minister says somewhat casually, we are dealing only with "a certain political line that prevails in Poland at this time."

The opponents of an explicitly Western, pro-Atlantic Polish orientation always found a large number of reasons to describe it as premature, exaggerated, unrealistic, and even harmful, to point out that other connections are also always necessary or indispensable to us. In the future they will certainly discover new reasons, to fit the changing circumstances.

Thus it would be worthwhile to quote some of those reasons declared since 1989:

1. The time has not yet come for closer, institutionalized ties with the West, and efforts made in this direction may be regarded as provocations.
2. Soviet troops may leave Poland only within the framework of an all-Europe disarmament process.
3. Yes, we will strive for this, but not in a manner as fast or as ostentatious as some of our neighbors.
4. Poland's aim is to eliminate both military blocs in Europe.
5. The Soviet Army is a guarantor of Polish security (Admiral Kolodziejczyk talked about the protection of our freedom).
6. Soviet troops protect us against the "German threat."
7. We cannot and should not, by making loud demands or irresponsible declarations and efforts, harm and interfere with Gorbachev, or irritate him.

Today we talk about:

8. Not antagonizing our neighbors.

A doctrine is a doctrine, but even very recently Minister Onyszkiewicz wrote: "After all, we cannot tell the politicians of the Pact that Poland is afraid of being invaded by one of its Eastern neighbors.... At the same time we cannot secretly talk in the West about any fears in regard

to Ukraine or Russia, and on the other hand maintain good relations with them." Therefore, no attempts were even made to talk with the West about difficulties in getting foreign troops out of Poland. As a result, our "democratic friends" felt that they were excused from being interested in this matter. According to the minister, because from the Polish point of view we need to fear possibly only local conflicts—aside from a highly improbable "invasion"—really there is nothing special about which to talk with the West.

Attempts at Membership in NATO

Attempts at membership in NATO must be associated with Poland's weakness, because they show that we cannot cope with possible border disturbances ourselves, and this puts our army in a bad light and ultimately will alienate both the Pact and the West from us, says the minister. Putting the matter of national security in similar terms, and using this type of reasoning, compels us to explain two issues.

Politicians arguing with the advocates of Poland's presence in NATO invariably accuse the latter of wanting to bring this about "today," "immediately," "right now," which is supposed to indicate a lack of realism and a quarrelsome nervousness on their part. Yet there are no serious politicians in Poland who would believe, insist or "demand" that our country be accepted in the Pact immediately. Some of them, whose views differ from those of the minister, want something else, namely, a clear and unequivocal definition of this wish as our strategic goal and real actions to achieve it, if only in the name of principle: If you want something to become a fact some day, begin working on it right now.

These politicians want everything to be done to hasten Poland's presence in NATO not because they believe that someone now wants to "conquer and vassalize" us, nor are they guided by enmity towards Russia, nor do they want to settle any unfriendly contests with them with the participation of anyone else. They base their concern not so much on fears connected with local conflicts that might involve Poland, with the presence of foreign troops on our territory, or the threat of an economic blockade. Rather, they are concerned about something more, about something that goes beyond a current or future threat. Poland should definitively institutionalize its security, so as to once and for all get itself out of the gray zone, out of the vacuum, out of its actual political-defense isolation. It should extricate its intelligence service from post-Soviet connections and cut any kind of covert ties left from the old structures, in order to avoid even the possibility of restoring the previous dependency in any form at all. Not only our security and its permanence, but also our country's political place in Europe, depends on this.

The Greatest Threat

The greatest threat does not ensue from a military capability, physical attack, or the occurrence of chaos

beyond the Eastern border. It is—and this is very much a part of "national security"—the political and military pressure (with emphasis on the first element), known to us well, aimed at keeping Poland in the "Eastern" sphere of influence. Whether anyone likes it or not, this threat continues to be real and is even more dangerous because it is much less perceptible and easier for the outside world to ignore. (The great "softness" of many Polish politicians in this matter—stemming undoubtedly from the fears and experiences of their entire lives, and also their shortsightedness, nonchalance, and peculiar lapses of memory—intensifies this threat.)

It may even be shown that the constantly advanced various arguments against a bold and new stance in itself proves how very much the past 48 years has affected the prevalent way of thinking. The wrongly understood "caution" and putting the principle of "do not irritate" ahead of others seems to take precedence over the usual, and absolute primacy of our own interest, to which everything in a sovereign country should be subordinated. The fact that we wish to restore "orientation to the West" and that we truly wish this and not just rhetorically, should be understandable and obvious to all Russian democrats. For our other Eastern neighbors it would actually be a guarantee that our revindicationist-nationalist inclinations, those which, probably without basis, they fear, are now buried. Today everyone, with the NATO countries (ever a defensive pact) in the lead, maintains extremely good, friendly, nonantagonistic relations with Russia, and in our case it would not at all have to be different. Except that these would be relations whose equality of rights, for the future also, i.e., permanently, would be ensured.

The doctrine speaks of Poland's striving to obtain the status of member of the Atlantic Pact, but the minister of defense declares publicly that he puts the "solidarity of friends—democratic European countries" ahead of the Alliance. This opinion, which recalls to mind some sad historical analogies, can hardly be called realistic or pragmatic. Anyway, the minister relies on this questionable solidarity only in case of border disturbances and similar spectacular events. In case of the aforementioned possibility of political pressure, there can be no talk, of course, about any, even a declared, solidarity, and after all, as an attempt was made to show, it was against this threat that security was the issue. The minister's strange idea—the proposal of applying a lend-lease program to Poland "just in case," and regarding it as a perspective and optimal solution—also collides with Poland's striving for membership in NATO. As we know, this idea refers to the assistance granted to various fighting countries by the neutral United States during the first phase of the World War. In view of the low probability of open aggression against Poland, it is hard to understand the sense of it. But what is most important is that the idea assumes our neutrality, that our country will be left out of the Alliance—for a long time, at that—and by our own conscious choice. It seems that in Poland the really

serious politicians simply do not want Poland ever to be in NATO, though it is awkward for them to say so openly.

The minister of defense, for example, constantly and emphatically underscores Poland's absolute inability to join NATO and the total, monolithic enmity of the West to such a prospect. One may justifiably suspect that this is an argument adapted to a thesis that has already been established, since even Minister Skubiszewski remarked recently: "A still undefined as to time frame prospect of Poland's participation in NATO has appeared recently." Thus it is more a matter of whether we will be able to take advantage of this when it occurs or remain passive. Even the Ministry of Foreign Affairs, which attaches the principal weight to various bilateral agreements and symbolic understandings—giving preference to variety, caution, and subtlety (slowness) of action—may have doubts as to a choice of a method of procedure.

In talking about these matters, and in all contexts, Polish politicians as a rule use terms such as "Pan-European," and use the term "Atlantic" extremely rarely. In a RZECZPOSPOLITA interview, the minister of defense regarded our membership in the "security structures of Western Europe" as the goal that possibly would be worth achieving (and is aiming towards it "calmly"). Meanwhile, aside from the mentioned international solidarity, he ties hopes to increase Poland's security with the CSCE process, with "a system of collective European security," and with a "New Europe Charter." "Collective security" is indeed a beautiful utopia, bringing to mind the League of Nations and Wilson's idealism. Also the "CSCE process," despite the fact that NATO and the Western European Union sometimes hint that they will make use of it, really has a greater chance to make itself similar, in the field of security, to the "peace process in the Far East," i.e., many years of fiction and sham actions.

On the other hand, the term "New Europe Charter" sounds unusually progressive, but it should be feared that the substance of it, or its substantive value, is of the same order as in other popular entreaties for a "Europe from the Atlantic to the Urals," or a "New World Order." What is most important is that all of these ideas, despite their fashionable, grandiloquent wording, still leave us outside of the only really existing—and for four decades, proven—military-political alliance.

Poland as Smuggling Transit Point Described

92EP0658A Poznan WPROST in Polish
No 34, 23 Aug 92 pp 25-27

[Article by Krzysztof Grabowski: "Via Poland"]

[Text] The Romanian drivers who brought two containers of sparkling wine to the port of Gdansk also had over 700 bottles of cognac that were meant to distract the attention of the police and customs officers from the 13 cans of ham stuffed, in reality, with cocaine. There were

70 kilograms. Gdansk was not the port of destination; the narcotics were marked for customers in Germany.

The narcotics intercepted in Poland are primarily on their way to the West, even if the facts seem to contradict that statement. In October 1991, at the port of Gdansk, about 110 kilograms of smuggled cocaine was uncovered in containers of Columbian beans on their way to Czecho-Slovakia. But the consignee of the palettes, in which the narcotics were hidden, was a German firm. Gdansk is a transit port for cocaine from St. Petersburg, but it is not produced in the cradle of the revolution. Narcotics seldom reach their destination directly from the country of the producer; each shipment sent to Germany or Holland, which comes from Columbia, is examined very carefully; if a package is sent from Poland, it does not arouse as much suspicion. Poland is not only a producer of heroin and the purest amphetamines in Europe, it is also a site on which the transit routes for heroin, cocaine, and marijuana cross. The smuggling is organized by Nigerian doctors from Szczecin, by Turks, who also smuggle heroin, and by Colombians, who ship cocaine in various ways, among others, by stuffing people with it (as the Nigerians do); in October 1991, a young Columbian woman was stopped and her stomach was found to contain 450 grams of narcotics.

The police and the customs service are not prepared to cope with narcotics smuggling; but above all, the law does not make the battle any easier. In Poland there are no penalties for the possession of narcotics. Thus, the Szczecin court released Adam S., although more than seven kilograms of amphetamines were found on him and the German and the Swedish police are seeking him for dealing in narcotics.

Polish law also does not permit supervised transportation, which permits revealing an entire distribution channel; if our police learns of a smuggling operation, it is supposed to seize the shipment of narcotics and not permit it to leave the country. It would, in any case, be difficult for the police to conduct such supervision; in the West, miniature transmitters are placed in the goods to trace them; they send a signal to a satellite. The Polish police are at the stage of training dogs and Scott's textbook tests.

Transit through Poland is not a narrow channel, but a broad superhighway. And one can get lost on it. The Panamanian ship *Castello d'Oro* was in Poland for five months before it reached the Gdansk Repair Shipyard, where they found 43.8 kilograms of cocaine in the ship's sea-inlet valve. The hiding place was below the water line and before the ship reached the dry dock it was accessible only to divers. Clearly in the port of destination the diver had been unable to remove the screws holding the grating that blocked access to the hiding place. The consignees were counting on getting the shipment on the return trip, which is why they did not get it in Poland. This accidental transit was, however, supervised, as is shown by the fact that the captain who initially wanted

to talk with the police soon fell from a height on the ship, ended up in the hospital, and lost his desire to talk.

In the narcotics business, Poland is not just a stage on the way from the producer to the client; some technological processes are also performed in Poland. In southern Poland, there are chemists who have developed such an outstanding method for purifying heroin that it pays them, in spite of the doubled risk, to smuggle it to Poland and export it pure.

There are about 7,500 customs agents working in Poland. In all of 1991, they performed 4.5 million customs inspections for the so-called economic turnover; during the first half of 1992, they had already performed 80 percent of that number. The traffic across borders is growing at avalanche rates. Those who organize smuggling know how to make use of the situation, though they do not always have to use it. To the few basic ways of getting a stolen car across a border they have added a new one recently: the car crosses with completely legal documents as self-assembled. "Assembled" at a German junk yard because the Polish police have begun to watch. Cooperation between the Polish and German police and close cooperation with German insurance companies have led to the Republic of Poland ceasing to be a safe asylum for "hot items," or stolen cars. Thus, they are migrating to the East, and a surprising similarity to the situation in Poland of a few years ago has been noticed: a need for the same makes (Mercedes, VW, Passat, Audi, BMW), the same smuggling techniques, the same difficulties with recovering the cars, which the Russian police smells out. The same people who organize the transfer of cars from the West also handle the smuggling and cooperate with similar organizations beyond the Eastern boundary. If the settlements are conducted in kind, as "goods for goods," the Polish exporters take payment in precious stones, rare metals, weapons, and narcotics.

These goods in turn wander further to the West. What the bosses of this business find most disturbing are not the announcements of an intensified battle against organized economic crime, but rather competition from citizens of the former Yugoslavia: they offer dumping prices and sell "hot items" for about \$2,000 less per item.

According to German data, in the course of the last two years we imported from the FRG to Poland 7 million liters of pure alcohol spirits. Our data record 2.5 million liters more. It is not impossible that the difference lies in the fact that the customs agents of both countries look at completely different documents and that only a portion of the imported alcohol transits Poland. And this applies not just to Royal, which only serves industrial purposes in Germany, but also to the pirated version of Johnny Walker made in Poland. In Bojan near Gdansk, in the customs magazine of the Korona company, in the spring of 1992, customs agents from Gdynia discovered 60,000 bottles (in all the company imported 300,000 bottles).

Both the bottles and the self-stick Johnny Walker labels came from Holland, and a consignee in Dusseldorf was waiting on the full bottles.

Alcohol is not transported to the East because it is much cheaper there; but Western cigarettes are very popular in the countries of the former USSR and are smuggled in by the container load by Polish firms. This type of transit is a very profitable procedure, but significant profits can also be made using the reverse operation, keeping goods in Poland that officially are transiting through Poland. Released from customs and the border tax, a container of alcohol produces about 5 billion zlotys [Z] of additional profit for the owners. Theoretically, the customs duty and the tax should be left on deposit upon entering Poland and is to be returned after showing evidence that the goods left Poland. In practice, customs agents say, this requirement is not observed, but the number of attempts at "antitransit" uncovered was so great that the Main Customs Office has decided on an experiment—trucks sealed in Swiecek go to the East, to Terespol, under convoy by an appointed detective agency.

A convoy consists of 20 tractor trailers escorted by two or three cars with "agents." In the convoy conducted by the Beheras firm of the 20 vehicles, 19 were carrying pure alcohol spirits.

A convenient means of smuggling, including transit, are convoys evacuating the military of the former USSR. The customs agents have no access to their bases, and it is known that, for example, there are Western cars with foreign registrations at the Legnice airport. The head of the Polish air force issued a prohibition on take-offs from this air base, but the Russians are not respecting it; their transport plans fly day and night. It is not necessary to export by air cars or electronic equipment—especially computers and computer parts, for which there is great demand in the former Soviet republics. These items can be hidden under military equipment and transported by train.

Transports of mercury iodide (so-called red mercury), weighing several hundred kilograms, cross Poland. Its price varies from \$100,000 to several hundred thousand dollars per kilogram. It is smuggled not just by Russian soldiers and the Russian mafia; in Kaliningrad, a Polish businessman can receive an offer on the street. It is not impossible that some portion may stay in Poland since it is used not only in nuclear physics and by German forgers of commercial paper but also as a catalyst during the production of amphetamines.

For some time now the police have been receiving reports that Gdansk has become a center for the transfer to the West of alpha-phetoproteins. It is reportedly currently the most effective cancer drug and there are hopes it will also prove effective against AIDS. The entire annual world production of alpha-proteins, however, does not exceed 10 grams. That is one of the

reasons for its high price—\$6 million per gram! Unfortunately, there is a second reason; the secret substance is produced from human embryos.

The Ukrainian mafia has moved one step further. It supplies organs for transplants to the West. But no one ever gives the donor children a medical examination afterward, unlike the Albanian children adopted for this purpose whom the "adopting" parents return home after removal of the organ for transplantation. The ruthlessness of the organization dealing in this macabre procedure arouses terror. However, the technical excellence that it had to achieve in order to meet the demands of transplantation surgery should, however, arouse even greater terror.

This memento for the Polish agents of the Ukrainian mafia: perhaps, the "Polish connection" is still alive only because it is still needed.

Fear of Price Rise for Food Products Noted

*92EP0651A Warsaw GAZETA BANKOWA in Polish
No 33, 16-22 Aug 92 p 3*

[Article by Alicja Kolodko: "On the Run"]

[Text] The urban population is noting with some concern the stock levels of stores carrying basic products and the prices of these products. Stock levels of some products seem to be higher than others. The news from the harvest front is bad. No one harbors any illusions that food prices can be kept at their present level. They will go up, but the question is: how fast and how high?

Empty Granaries

The grain balance is of basic importance to the domestic food situation. Recent estimates speak of harvests reaching somewhat more than 20 million metric tons, which is below the limit of self-sufficiency. Just how much we will have to purchase to balance out the losses will be finally determined after the root crop harvests, but it probably will be 2 rather than 1 million tons.

The state granaries are empty and seed procurement from this year's harvests is beset by many difficulties. Only 10 percent of the 4.5 million-ton warehouse area has been filled. The ARR [Agency for Agricultural Marketing], which planned to rebuild and even increase state reserves, is not in a position to perform this operation, even though minimum prices have been raised to nearly 1.8 million zlotys [Z] per metric ton of consumer wheat.

Farmers do not want to give up their grain. They are selling only as much as they must, on the one hand counting on the fact that grain holdings are more certain than money and, on the other hand, they keep the grain for their own needs. Domestically, 5.5 million tons of grain is used for processed grain products, while the rest is designated for fodder. The sudden price increase preceding the harvest and during the harvest, as a result of which consumer wheat prices rose to as much as Z2.5

million per ton, undoubtedly had an impact on the decision to keep grain harvests on the farms. Farmers expect the price to reach Z3 million per ton in the fall.

Full Pigsties

The low swine supply may also be explained in terms of the pigs being held in reserve in anticipation of a price rise. The results of the June census that reported a herd of 22 million prove that there is no shortage of animals on the farms. The price of Z13,000 per kilo live weight seems too low to farmers. In June, when the price was Z11,500, the profitability ratio shaped up at a very low level of 1:10. Farmers expect that the price will rapidly reach Z17,000. That does not mean, however, that at this time the above-mentioned ratio will be favorable from the viewpoint of farmers, due to the price increase of fodder, especially potatoes, the price of which is continuing at a high level since the spring.

Somewhat different conclusions may be drawn from the results of the June census in the case of cattle. The short supply of beef caused beef prices in late spring to be equivalent to pork prices. At the same time, milk procurement prices rose. Back in June it seemed that we were entering a period of stabilization in the size of herds. This was confirmed by the census results, by the cutback in the slaughtering of calves, and by the increased interest of farmers in quality seed. The summer drought now forces us to revise these optimistic expectations. The attitude of the farmers themselves has not changed, but fodder shortages for cattle will necessitate a change in production decisionmaking on many farms. There is very little "green" fodder. Only the first mowing of grass was gathered in most of the country and the corn dried up. The initial result of the effects of the drought is the very early conclusion of the summer pasturage. As a result of this, milk supplies have declined and the supply of cattle has increased. For this reason we may expect that next farm season we shall have a still smaller herd of cattle. Currently, it is at approximately 8.3 million, including 4.3 million cows.

Controlled Growth

Thus, farmers have many reasons to expect a price increase for all agricultural products. Those farms which did not suffer from severe summer weather will now have a good period financially speaking. Those who were hit the hardest (unfortunately, this affects regions which have a high rate of agricultural production and goods) will have a lean preharvest period. It is estimated that total Polish farm production may decline by as much as 11 percent.

The prices of imported products are a natural limit for the increase in all prices. In this season, these prices will be relatively low for all basic farm products. The drought in Europe affected various countries. Despite this, there will be surpluses in the northern hemisphere. In the opinion of Western forecasters, the price of consumer wheat will not be higher than \$125 per ton, and when the

forecasted harvests of Argentinian wheat come (in South America high yields of fodder crops are likewise expected), the prices on world markets may decline to \$100 per ton. This will cause other products to drop in price.

Current prices for domestic products are already at a level that makes import profitable in many assortments. A further increase in prices (we are not taking into account here the correctives associated with inflation and a fluctuating rate of exchange) is possible only within the range of 5-10 percent.

On the other hand, the processing industry will be an added stimulator of the price increase. Plants in operation for over two years that are at the limit of profitability do not have enough money to purchase raw materials this season and will not be in a position to ensure themselves 100 percent processing capacity. Thus, they will spread costs over a smaller production base.

People Have To Eat

There is yet another absolute limit for price increases: consumer purchasing power. We can be optimistic about an increase in purchasing power if we compare how much food the average monthly wage could buy in the first half of the current year. Except for processed milk products and potatoes, it could buy much more than a year ago.

Similarly, the data representing the share of outlays for food on family farms could lead to positive conclusions. In the first half of the year, on all types of farms, this index declined by several points. However, the figures on consumption cause us to draw a completely opposite conclusion, since consumption has declined in commodities groups other than processed grain products. The amounts saved have been designated for so-called regular outlays, the share of which in the structure of outlays has increased over last year from 7 to 12 percent. Thus, by comparison with last year, consumer purchasing power will not grow.

And although people must eat, the forecast that demand for food may drop is more realistic than the forecast that food demand will continue at its current level.

We Hope Not....

Even amid pessimistic forecasts for grain volumes, food prices may increase moderately under conditions of uneven supply. But a concatenation of circumstances that does not seem feasible would be needed. That is why we must rather anticipate that the market in this regard will be shaky. True, we can count on import to be a stabilizing factor, but, on the other hand, we will feel more and more the lack of production to date from state-owned farms. Our primary means of support, private farming, is reacting quite spontaneously to the signals coming from the market

(that is, the current supply of swine), and the production decline in commodities farming regions renders this situation more uncertain.

The worst solution, both for farm producers and for consumers, would be to hold crops on farms until preharvest time in expectation of higher prices. In the winter, we would be doomed to consuming foreign food, while before the harvests we would still have stores of food. However, we cannot exclude such a scenario, especially since this happens quite often to our farmers. City consumers would once again harbor negative attitudes toward farm producers and these attitudes would be justified.

The full balance of profits and losses in farming will be known in two or three months; there will be more verified data and the reactions of farmers will be more evident. We hope that these catastrophic predictions made "on the run" do not prove true, since in our situation these predictions have the power to stir up a situation. They generate facts that nobody needs.

Improvement in Foreign Trade Reported

92EP0627B Warsaw RYNKI ZAGRANICZNE in Polish No 91, 30 Jul 92 p 1

[Article by O.M.: "Almost 1 Billion Dollars in the Black"]

[Text] On 29 July, for the first time since the introduction of the Standard Administrative Document [SAD], the Central Office of Statistics [GUS] released still-tentative data on Poland's foreign trade. On the basis of that information one could say that the situation of Polish foreign trade was, after the first half of the year, "relatively favorable," as stated by the Central Planning Administration [CUP], a cosponsor of the statistical press conference.

The balance of payments indicates that export revenues amounted to \$6.9 billion in that time and were higher by 12.5 percent than those in the first half of 1991. On the other hand, \$5.9 billion was spent on imports, that being 8 percent less than a year ago. As a result, the positive balance was almost \$1 billion, whereas one year ago it was \$332 million in the red.

Characteristically, the positive balance in foreign trade grew consistently throughout the whole first six months (for example, \$31 million in January, \$385 million in the first quarter, \$765 million in the January-May period, and \$946 million in the January-June period). Last year, that balance of payments was consistently in the red throughout the entire first half of the year.

The current turnover in foreign currency brought about a positive balance in the first half of the year in the amount of \$389 million (a year ago, the deficit was \$1.665 billion). During this time, \$0.7 million (that is about 10 percent of the export revenues) was spent to service the foreign debt. CUP chief Minister Jerzy

Kropiwnicki emphasized that if foreign debt payments did not exceed that 10 percent, this meant that the budget was not overburdened on that account.... In turn, GUS chairman Jozef Olenski pointed out another side of this phenomenon, that is, the growth of exports has slowed down the declining tendencies in industry.

GUS's own methodological commentary accompanied the presentation of this data on foreign trade. The administration is in the process of adjusting its system to the European one by, among other things, adopting terms used by the U.N. Office of Statistics. As a result, it no longer includes data about construction services in its information regarding the turnover of goods in foreign trade. The conference also stressed certain discrepancies between data provided by GUS and that of the Polish National Bank [NBP]. Thus, NBP records only the flow of cash as export revenues and import expenses, whereas GUS takes into account the value of the trade

turnover. This means, among other things, that NBP does not include in its data the payments on so-called merchant credit smaller than \$1 million (GUS does take this into account). Neither does the NBP record cash deposits below \$10,000, whereas GUS does register them, since these petty cash transactions are so common in Poland.

The prognoses for the rest of the year forecast a further export increases. There is a chance that export revenues will amount to \$14 billion, that is, 9.7 percent more than last year. According to the optimal prognosis, imports might cost no more than \$12 billion, which would mean a decrease of 5.6 percent. As a result, the positive balance could reach the level of \$2 billion. Another prognosis, not as optimistic for exports as for the domestic economy and internal trade, forecasts that the positive balance will be smaller, to the tune of \$1.5 billion.

Swedish Human Rights Group on Treatment in Camps

92BA1450C *Belgrade BORBA in Serbo-Croatian*
19-20 Sep 92 p XIV

[Article by Ljiljana Dufgran-Boricic, special BORBA correspondent: "They All Recognize Their Own Victims"]

[Text] Stockholm—I do not want to use the phrase concentration camps in referring to camps in Bosnia-Herzegovina [B-H], because this is too oversensitive, says Uwe Brink, senior adviser for ethnic rights in the Swedish Foreign Ministry, who as a member of the CSCE visited the prison camps in B-H in late August and early September.

Uwe Brink is a member of what is called the Thompson Mission, which divided into two groups and visited 21 camps in B-H. Later, the two groups met in order to "merge" their experiences and observations. The result was a report on an astounding situation and on the ubiquitous violations of human rights in all the camps and prisons in B-H.

"No side is any better or worse toward the prisoners, there is no difference," says Brink, "although it must be noted, and this is encouraging, that the situation in the camps is a bit better than it was in July. We think that this is because of public opinion and international pressure. For example, earlier, the prisoners received only one meal a day, and now they are getting two or three...."

Civilians Confined as War Prisoners

Usually reports by experts sound dry and cool. However, it seems that the Yugoslav drama has changed even that. This report, which the Thompson Mission drafted, is full of expressions and wordings that clearly demonstrate the shock and horror the delegation experienced in its trip through B-H: "That barbarism, which established itself, is on a large scale, especially when you remember that there are only 4.5 million people in B-H, and it was devised by people who knew their victims. The first casualty was concord between neighbors, compassion, and the second casualty was the truth." This mission's report describes immense crimes and violation of human rights and conventions defining who is a war prisoner and how that war prisoner can be treated.

"Only a negligible number among the prisoners in B-H can be considered war prisoners in the definition of the Geneva Convention," says Uwe Brink. "Most are civilian prisoners captured not on the battlefield, but in their homes eating breakfast or something. In spite of a certain improvement of the conditions as compared to earlier months," Brink says, "the situation in the camps is more or less disastrous. There can be no thought

whatsoever of winter because some of the camps are in meadows under the open sky. Others have no water or heat, and people are lying on a bit of straw on the concrete."

He spoke in detail about the horror to which prisoners have been subjected in B-H. Then he quotes a portion of the report of the Thompson Mission: "Malnutrition, bad medical care, and unsatisfactory hygiene conditions are commonplace. In the camps of what might be called the open type (Trnopolje), where the prisoners can move outside the camps to get food, people live in constant fear of being beaten or shot in the back of the head. Serbian, Croatian, and Muslim camps were examined. In all of them, without exception, inhuman conditions can be observed. Unless the camps are done away with during the fall, the sick and old prisoners risk freezing to death when winter comes."

This quote is only a little part of the extensive report, whose concluding questions are these: What will happen to these people? Where are they going to go?

The Solution—Unconditional Release

We learned in a conversation with Uwe Brink that the fate of the prisoners is still uncertain even if they are released tomorrow. "We know and demand that the rights of the civilian population and the prisoners have priority over all other issues," Brink says.

The mission's recommendations are that the prisoners be released as soon as possible, and at the same time, unconditionally. Their release must not put their lives in jeopardy. They must be guaranteed safe passage to the place where they want to take shelter. It would be most dangerous for all the prisoners to be released in an uncontrolled way, which we suspect could soon occur.

The question of what to do with the prisoners is very important. Insofar as possible, their wishes should be respected. Places they might go back to are: their own homes, the opstinas in B-H from which they have come, areas under UN control, and third countries.

The report gives descriptions of all the camps that exist in B-H, regardless of who controls them. It gives the names of investigators and commandants of the prisons and camps, among which the names of well-known soccer players or singers from the former Yugoslavia are recognized and underlined.

The Thompson Mission's report on the camps in B-H, unfortunately, is reaching Europe at a time of great turbulence on the West European monetary market, and that is why it has not been paid sufficient attention, at least not the attention it deserves because of its importance to West Europe itself.

Drawing of Borders Complete, According to Serbs

*AU3009082392 Belgrade NIN in Serbo-Croatian
25 Sep 92 pp 24-25*

[Commentary by Jovan Janjic: "New Picture of Bosnia"]

[Text] The ethnic map of Bosnia-Herzegovina before the war was extremely colorful. It still is, taking into account the fact that certain "ethnic spots" have either been totally erased by the fighting, or in some instances enlarged. At the London Conference, Dr. Radovan Karadzic said that the Serbs could give the Muslims as much as 20 percent of the territory they control. That statement was met with worldwide approval because it was seen as a sign that the Serbian side was not trying to avoid negotiations, and was ready to make concessions. But the Serbs in the Serbian Republic were less approving, so the president of the Serbian Republic had to explain his statement to the fighters on the front line.

"First of all, I never said that we have to give away all 20 percent," Karadzic says. "I said that we were ready to make concessions up to 20 percent of the territory under our control, and that can mean 5, 7, or 12 percent. It depends on the kind of concessions the other side is willing to make. Also, we can only talk about concessions when the Muslims and Croats agree to lasting peace, when they agree to negotiations."

Dr. Nikola Koljevic, member of the presidency of the Serbian Republic, says that the ethnic borders in Bosnia-Herzegovina have largely been drawn already.

"If you look at the ethnic map of Bosnia-Herzegovina according to the 1991 census, and compare it to the present front lines that are held by the Army of the Serbian Republic, you will see that they are almost identical," Koljevic says. "These borders do not coincide with the borders of the Serbian ethnic territory only in a few places. The only significant changes are in Posavina and Herzegovina, where we do not hold all our territories."

Koljevic claims that the borders drawn by the people themselves coincide to a great extent with the borders that were proposed at the Bosnia-Herzegovina Conference in Lisbon, during talks on the cantonization of Bosnia-Herzegovina.

"In the context of the Lisbon talks, we mentioned in London the possibility of varying the borders by up to 20 percent," Koljevic says. "This statement was not clearly understood, and in some quarters it was even misunderstood. When we spoke about borders in Lisbon, two principles were accepted regarding the cantonization. One was that the basis for borders should be human rights. What that means is that borders cannot be defended on historical rights (as the Croats insisted), on rights of genocide (as the Serbs insisted), nor on rights of resources (as the Muslims insisted). The second principle was that local referendums should be held in all disputed border regions, like Posavina, Kupres, and the valley of the Drina River. The people would simply decide on

their own on the disputed regions where the ethnic minority is neither obvious nor convincing enough, they would decide in which canton they wanted to live. We mentioned the possibility of changing borders up to 20 percent in that context.

"Europe will have to accept these borders," Koljevic continues, "because the people have drawn them. The process leading to it can, unfortunately, be long, unless the necessity is realized in time.... If Bosnia were transformed—cantonized—we would accept its external borders, as Europe and the United States insist. But that is the minimum that must not be crossed by the Serbian people in Bosnia-Herzegovina," Koljevic says.

The third person we spoke to—Velibor Ostojic, information minister of the Serbian Republic—talks of ethnic cleansing in the basin of the Neretva River (Caplina and Konjic) and in 17 communes in central Bosnia: parts of Hadzici, Trnovo, Srebrenica, Gorazde, Kladanj, Olovo, Vares, Breza, Kakanj, Visoko, Zenica, Zepce, Zavidovici, Banovici, Zivinice, Lukavac, and Tesanj. Ostojic claims that there are no more Serbs left in these communes. They have either been killed, expelled, or taken to concentration camps.

Minister Ostojic says that getting Serbs out is a practice that goes back a bit. The Muslim people, for example, were encouraged to breed, so their birthrate was four times higher than that of the Serbs; it was also done by closing Serbian ethnic areas into dead-end enclaves, then inserting Muslim "nails" into Serbian territories, and by splitting Serbian ethnic territories into several administrative units.

Despite such a political strategy and despite the war, the Serbs have managed to preserve their regions in Bosanska Krajina, eastern Herzegovina, the valley of the Drina River, Semberija, in the Sarajevo-Mt. Romanija area, to complete their area in Posavina.... They currently control 72 percent of the territory of the former Bosnia-Herzegovina, and the Croats about 20 percent. The Muslims still control the Cazin Krajina, part of the Tuzla region (Gradacac, Gracanica, Srebrenik, Lukavac, Tuzla, with bits toward Teocak and Teslic, and parts of the communes of Brcko, Kladanj, Olovo, Zivinice, and Banovici). The Muslims are also in the majority in Zenica and Zepa. They also control parts of Sarajevo: parts of Stari Grad, the Center, and Novo Sarajevo on the right bank of the Miljacka River, parts of Novi Grad, Alipasino Polje, and parts of Dobrinja, Mojnilo, Butmir, and Hrasnica. The Muslims also control parts of Gorazde and Trnovo on the right bank of the Drina River.

According to the last census, the Muslims are in the majority in Jajce, Travnik, Visoko, Kakanj, Zenica, Breza, and Fojnica. But they do not have the political power in these communes, since the Croatian Defense Council has established its own authorities in them.

Apart from their territories, the Croats also hold western Herzegovina and communes in central Bosnia where they are in the majority: Livno, Tomislavgrad, Posusje, Grude, Listica, Ljubuski, Citluk, Capljina, Neum, Pro-

zor, Kresevo, Kiseljak, Busovaca, Vitez, Novi Travnik, Bugojno, Gornji Vakuf, Vares, Konjic.... There is a geographic continuity among these territories, and the Croatian state is functioning here in the true sense of the word, with all the signs of statehood.

The Croats are not showing any sign, unlike the Serbs, of willingness to give some of the territories they control to the Muslims. The leopard's spots on the map of the former Bosnia-Herzegovina is slowly changing while the war rages on.

Examples of Serb Expulsion

Commune	Percentage of Serbs Before War	Percentage Now
Modrica	33	No Serbs
Tuzla	15.5	4.5
Zivinice	5	No Serbs
Kladanj	26	No Serbs
Banovici	14	No Serbs
Kalesija	18	13 (on territory of Serbian Republic)
Travnik	11	No Serbs
Novi Travnik	13.3	No Serbs
Bugojno	18.9	Approximately 5
Derвента	40.8	Approximately 5
Bosanski Brod	33.8	No Serbs
Jajce	19.3	Approximately 4 (on territory of Serbian Republic)
Sarajevo	33	Approximately 7-8 (in camps or on territory of Serbian Republic)
Bihac	7.0	Approximately 500
Livno	2.8	837 (in camp)
Duvno	1.0	Approximately 400 (in camp)
Mostar	20.0	1.0

Outcome of Crisis in Yugoslavia Analyzed*92BA1468A Ljubljana DELO in Slovene 19 Sep 92 p 20*

[Article by Boris Jez: "Balkanization as a Positive Concept?"]

[Text] Even though the conflicts in Bosnia-Herzegovina are not abating, the Yugoslav crisis, which has continued for several years, is actually entering the outcome phase. No matter how absurd it may sound, we will nevertheless perceive the "light at the end of the tunnel" on the day when the highway between Zagreb and Belgrade is reopened again. Of course, it will no longer be called the Fraternity and Unity Highway.

It is not by chance that the immediate opening of this road link is being advocated precisely by Cyrus Vance, the cochairman of the London and Geneva conference on Yugoslavia. Vance only joined this Balkan poker game later on, but unlike Lord Peter Carrington, he immediately understood the nature of the crisis, and now everything indicates that its outcome will primarily be the fruit of his diplomatic efforts. Although one should not deny Carrington's experience, he nevertheless acted somewhat rashly at times; he tried to impose all-embracing solutions that the Yugoslav "partners" simply could not accept, or, rather, the situation then was not ready for any sort of general "peace agreement." In contrast to this, Vance, it seems, better understood the meaning of time in politics, and decided on a tactic of small steps; each of his moves should be understood primarily in light of the "next goal" that he intends to achieve. And although at this time the situation in Bosnia-Herzegovina is apparently more or less hopeless, there are many indications that Vance "sees through" things and that he is also persistently realizing his vision.

Above all, the former U.S. secretary of state is obviously well aware that there is no all-embracing and simultaneous solution for the region of the former Yugoslavia; there can only be individual compromises, which have to be patiently put together in time and space into a more or less significant whole. In this regard, of course, it is clear that this whole can only be something temporary, something that the future will have to replace with better solutions. In this spirit, for instance, Vance is insisting on opening the highway between Zagreb and Belgrade as soon as possible; at first glance this may be only an unimportant detail, which nevertheless reveals his realistic, pragmatic approach to problems. First of all, in fact, it is necessary to "free up" transportation, without which one cannot count on economic revival of this region, and that, of course, is a condition for any sort of normalization and development of a peace process.

During the suppression of the war conflagration in Bosnia-Herzegovina, Cyrus Vance will also "find time" for economic problems, which in the present situation possibly seems somewhat premature, but is certainly farsighted. All the former Yugoslav republics are on the brink of economic collapse, and even after the end of hostilities sore points will remain, unless the process of

economic rehabilitation gets started as soon as possible. This process, however, naturally depends on the reopening of the former Yugoslav market—either in the form of a free trade zone, a customs union, or even some sort of economic community, for instance, modeled after the EC. All the former republics, in fact, had a more or less similar economic structure: The exported 10 to 15 percent of the gross product, 20 to 40 percent was shipped in trade with the other republics, and the rest ended up in the domestic markets. In the new circumstances, they would have to export 50 to 60 percent of their gross product if they want to keep a standard of living that would at least be reminiscent of Europe's, but Slovenia is the only one capable of achieving this at this time. In short, the revival of economic cooperation in the area of the former Yugoslavia is a matter of survival.

Croatia, of course, is not particularly enthusiastic about such "suggestions," but it seems that in one way or another it will at least be forced into the free trade zone formula. Macedonia is in such a position that it will accept any economic offer with both hands. Serbia, around which the ring of the sanctions is tightening, is even displaying unconcealed enthusiasm about revival of the former Yugoslav economic area. Slovenia, which lost its best market with the collapse of Yugoslavia, is in a contradictory position: the former southern market will become even more attractive in the postwar rebuilding, but joining a free trade zone would also be quite risky, as indicated by our recent experiences with Croatia. In addition to this, Slovenia expects that sooner or later it will be a full-fledged member of the European economic associations, and this possibility would certainly be more remote if it tied itself to the former Yugoslav area again in any institutional way. Cyrus Vance will probably not insist on our "membership," but in any case our closeness and at the same time our considerable distance from such an interesting market, which we are also quite familiar with, will have an at least slightly schizophrenic effect.

Belgrade Will Return the Confiscated Property

It seems that soon the cochairman of the conference on Yugoslavia will no longer need to "demand" that economic ties be renewed; the vital economic interests of all the successors to the former Yugoslavia are so intertwined that, for instance, a revival of commercial ties between Slovenia and Serbia began even during the Croatian war. Furthermore, Serbia will soon be in such an unenviable position that it will probably offer to return confiscated property to Slovene enterprises on its own. In any case, Belgrade will be the one most interested in any form of economic reintegration whatsoever, since in just a few months it will be in the weakest position—aside from the completely devastated Bosnia-Herzegovina. Now, in fact, Belgrade is being threatened with being "thrown out" of most international organizations and institutions; the financial and materials reserves seized after the collapse of Yugoslavia will run

out; and that kind of state will slowly become uninteresting even to "traditional friends," as Romania, the Russians, the Greeks, and the Chinese are now.

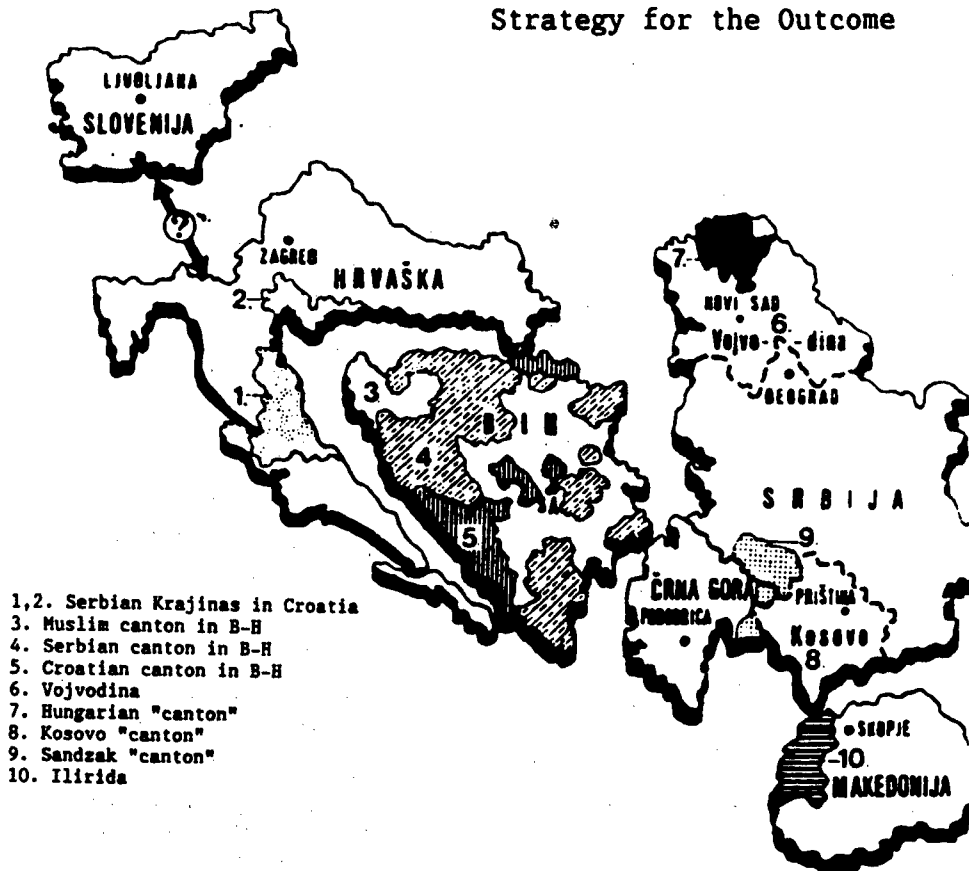
Belgrade, of course, also has to think about its enclaves in Bosnia-Herzegovina and in Croatia, which in time it will no longer be able to supply; a formula for free trade or even some sort of economic community would save it many concerns in this regard. In that way, Milosevic or Panic could boast to the domestic public that the war was nevertheless not in vain, and that in spite of everything Serbia succeeded in preserving some political and economic mechanisms to ensure the safety and integrity of the Serbian groups in the entire area of the former Yugoslavia. Of course, Belgrade is already aware that sooner or later it will have to "pay" for this by recognizing Croatia within its AVNOJ [Antifascist Council for the National Liberation of Yugoslavia] borders; this will be hardest for it to do, although there are many indications that Belgrade is slowly preparing for this inevitable action. In particular, "psychological preparation" of the population in both of the probably future Krajinas in Croatia, the Knin and Glina ones (see map), is already beginning, as is apparent from the increasingly frequent indications of loyalty to the Croatian state. In this regard, Peruca's being turned over to the Croats was particularly important; the latter had to commit

themselves to supplying electricity from there to both of the Serbian "cantons," Knin and Glina.

The status of these "cantons," of course, is one of the key items in Vance's peace geometry, which is obviously particularly taking into account the factor of time. An immediate return of the Croatian population to the areas from which the Serbs drove them out does not seem realistic, because that could cause new conflicts on a large scale. Clearly, however, the Croatian and Serbia sides will have to come slowly to a compromise in which both Krajinas will be under Croatian jurisdiction, to be sure, but with strongly emphasized political autonomy. Their probable future status could be compared with Alto Adige, which is certainly an integral part of Italy, but where the Austrian majority has so much political and economic power that the (coerced) Italian population is emigrating. If such an "uncivilized" model is possible even in the heart of Europe, there is no reason why we could not also try to introduce it in the complicated Balkan situation as well, as the "best among the poor possibilities."

One subject of the development of compromises in time and space will also undoubtedly be the internal system in Bosnia-Herzegovina, which will certainly remain an independent state, since that is demanded by the entire

Strategy for the Outcome



political geometry of the Balkans and Central and East Europe, but it will be under the protection of the UN and the great powers for at least another 10-15 years. The cantonization of Bosnia-Herzegovina into Muslim (3), Serbian (4), and Croatian (5) cantons seems inevitable at this time, although no one, of course, claims that it will also be a good solution. Politics is the art of the possible, however, and it is possible that with Karadzic's and Boban's territorial conquests and the serious political weakening of the "Muslim factor," it has been reduced to very limited maneuvering room. The world, to be sure, has recognized Alija Izetbegovic as the president of Bosnia-Herzegovina, but de facto it is not also recognizing his policy, which, to put it simply, has been thoroughly bad. Izetbegovic was not only completely unprepared for the war, but he also kept conducting a sort of "abstract" policy the whole time, which was objectively unacceptable to both the Croatian and Serbian sides, which could by no means discern their own national and strategic interests in his "unitarism."

Izetbegovic Is Making the Diplomats' Work Easier

During the war Izetbegovic's role, as one could have easily predicted, eroded to leader of the Muslims, and thus in a certain sense he has lost legitimacy. This can also be recognized from the fact that the Serbs are no longer the only ones treated as aggressors, and now the Croats and Serbs are too, especially after the killing of two French soldiers in the peacekeeping forces and the downing of an Italian plane with humanitarian assistance. The present "militance" of the Muslim side, which has no other way out but to intensify the war, is actually making the diplomats' work much easier, since they can thus reject in advance any possibility of international military intervention, which would undoubtedly complicate the situation even more. The "cantonization," which Radovan Karadzic started by the most brutal means, to be sure, is furthermore still a certain reality on which the political regionalization of Bosnia-Herzegovina can be built, even if this sounds very cynical. The fact is that for some time to come Bosnia-Herzegovina will not be capable of living as a normal civil state, and that it will also be necessary to provide for a delicate balance among the three nations by "coercive measures," such as physical demarcation, international treaties, etc. In the long term, all of this may evolve into some sort of Balkan paraphrase of Switzerland, and of course, it may also end up worse, in a new cycle of crisis....

It is interesting that at this time, no one is also raising the minority issues in the so-called Federal Republic of Yugoslavia [FRY] and in Macedonia. The leader of the Kosovo Albanians, Ibrahim Rugova, for instance, stated in disappointment after the London conference that they had been left in the lurch, because the anticipated internationalization of the Albanian problem had not occurred. This, however, should obviously be attributed primarily to the diplomatic pragmatism of Cyrus Vance and Lord David Owen, who are undoubtedly aware that it is sensible to put out the most dangerous fires first, and

only then to "heal" the entire burnt-out area. Obviously no one is counting any longer on the danger of the crisis's spreading across the former Yugoslav borders, and obviously the principal diplomatic participants in the present peace process also have appropriate assurances from Albania, Bulgaria, Greece, and other neighbors. Consequently, it seems that it will only be in later phases that the logic of "cantonization," which will be implemented in one way or another in Bosnia-Herzegovina and Croatia, will also embrace the FRY and Macedonia, which will naturally be forced to accept European standards for minority rights.

Kosovo (8), the so-called Ilirida in western Macedonia (10), and the Muslim Sandzak (9), are of course the sorest points, but it is hard to believe that the West at this time would be prepared to support any sort of "national liberation struggle" in these areas, morally, politically, or in any other way. Obviously, Serbia, as one of the main supporting walls of Balkan political architecture, should not be shaken too much, and this applies even more to Macedonia, which, to be sure, has not yet received international recognition and has actually been "canned" in a way, but it is nevertheless known that its full statehood is one of the cornerstones of the future Balkan structure. The same thing applies to the Vojvodina Hungarians, whose self-awareness has certainly grown considerably after Serbia's military and political defeats, and who will sooner or later justifiably demand better guarantees of their status than they have in Milosevic's Serbia. In the long term, therefore, it is also not unrealistic to expect a Hungarian "canton" (7), but this, as already stated, is one of the future topics of the peace process.

The expulsion of the FRY (Serbia and Montenegro) from the UN and other international organizations, together with the economic and political sanctions, will be a strong enough argument for Belgrade that it will be forced to rethink its current policy of land and blood, inspired by the mythological epics of Dobrica Cosic, Brana Crncevic, Matija Beckovic, Antoni Isakovic, etc. The "appearance" of Milan Panic and his (rational) clowning indicates that Serbia is still also receptive to postmodern political logic, and that the possibility of Belgrade's granting appropriate autonomy to the Muslims, Albanians, and Hungarians "in spite of everything" is not as unrealistic as it may appear at first glance. Serbia, of course, will receive guarantees that this will not lead to the disintegration of its state territory, and of course it is also in the interest of the great powers to keep this state from turning into a sort of mini-Yugoslavia with all the unresolved nationality issues and centrifugal forces. Someone should whisper to Ibrahim Rugova, "You missed all your chances while the war was still raging in Slovenia and Croatia."

"Complicated" Position of Slovenia

All these compromises, cantons, and autonomies lead, at first glance, to an even more complicated political geography than the geography of the former Yugoslavia,

which is a step backward from the standpoint of political and economic rationality, but it seems that this "historical intermediate phase" is a sort of necessity. Furthermore, one should not overlook the fact that the ill-famed concept of Balkanization, in a certain sense, could even turn into its positive opposite; precisely on the burnt-out area of the former Yugoslavia, Europe is trying, through its diplomatic efforts, to implement something that it has not done very well with itself—regionalization. If it turns out that even "wild" surroundings like the area of the former Yugoslavia can be stabilized through cantons, krajinas, autonomies, and other forms of political regionalization, then this, of course, will be a sort of overture to a future Europe of regions, as a higher degree of Maastricht. But will Vance, Owen, and the other calmers of Balkan passions fail, and will this region sink even deeper, into "Somalization"?

In any case, a possible favorable development of the peace process will considerably "complicate" Slovenia's position, which so far has been more or less clear—to flee from this chaos and seek shelter in the bosom of security and order called Europe. The reawakening area of the former Yugoslavia will especially be an economic challenge, because our managers know it well and understand it, and furthermore it is attractive as an excellent hunting ground, which in practice cannot be compared to world markets where access is difficult. One should be aware, however, that this peace process will be prolonged and gradual, painful and risky; even adoption of a formula for free trade with states that will need at least 10-15 years for the idea of legal security to ripen would consequently border on an almost adventurous action, not to mention joining any sort of economic community. Consequently, Slovenia will probably have to reconfirm its decision in favor of the more difficult course that it has already chosen—toward "Europe." Cyrus Vance is probably also taking this into account and will not be particularly insistent in compelling us to participate institutionally in economic reintegration of the region that is already almost fading from our memory....

Of course, we will rejoice in the reopening of the highway between Zagreb and Belgrade. It will be a "noteworthy" fact for our economic and political interests as well.

DELO Reports on Living Conditions in Belgrade

92BA1422C Ljubljana DELO in Slovene 5 Sep 92 p 20

[Article by Vili Einspieler: "In Fear of Divine Punishment"]

[Text] *If the Belgrade capital really has lost something, it is certainly the irrational and even sick pride, arrogance, and superiority complex of its residents. Belgrade is even strongly reminiscent of Sarajevo before the bloody Bosnia-Herzegovina war. People are more depressed, low-spirited, and lost with every day that goes by. They nourish themselves with everyday politics, but disaster can be sensed in the air.*

Are Milosevic's days numbered? The whole world is concerned with this question, and the residents of Belgrade along with it. Pajo thought, "His time has passed." More cautious in his views was Mile, who said, "Milosevic has the most adherents among workers, who are otherwise unemployed, on the waiting list, or going to the office but not to work, but they are paid better than ever before. Milosevic is printing money and raising their wages. That is why I still do not see any end to this senseless war." Nebojsa, who had already lost three suckling pigs because he made bets on Milosevic's political death, became involved in a verbal duel with him. In his opinion, people simply would not endure the shortages, which are greater every day because of the economic blockade. Nebojsa also added, "He will be swept away by a social revolution or by the students..." and so on, and so on. This is only a spark from the conversations in the Serbian cafe where yesterday a select company discussed the relative Serbian success at the London conference because Serbia was not proclaimed an aggressor. Today they are wondering whether Panic is Milosevic's man or not; tomorrow they will discuss ethnic cleansing in Hrtkovci and the political collapse of Mihajlo Kertes, the creator of the yogurt revolution. Belgrade's residents are extremely politicized and wrapped up in everyday politics; they wake up and go to bed with it. They grab at every bone that their chosen politicians throw onto the political stage. They criticize each other as former communists, and if at all possible they watch the programs of foreign television stations because almost no one believes his own television in Belgrade anymore.

When I walk through Belgrade's streets, someone says: "Milosevic is a splendid person and a Serb," then another adds: "If he does not save Serbia, no one will," and a third emphasizes: "He is a genius who is fighting for the welfare of Serbia." A central topic of the conversations is also Panic, who is considered by some people to be a clown, a circus performer, a charlatan, a spy, and a pawn in the hands of the communists, but by others to be a man of the world, a skillful businessman, and a modern politician who is striving for the welfare of Serbia and the Serbian people.

When I watch these people, I cannot escape the feeling that something is seriously lacking in this cafe and in street politics. The real passion that is so characteristic of the people of this milieu is missing from their words. It seems that they do not even believe themselves what they are trying to persuade to others. In the Serbian cafe, I also experienced my first real surprise; everyone paid only for his own drink, and no one detained anyone else saying, "Let's drink another glass or two." "Now you are real Slovenes," I joked, but my witticism only encountered sour smiles.

The kilometer-long lines of cars at two or three Belgrade gasoline stations, where people will perhaps be able to get fuel after 12 or more hours of waiting, are reminiscent of Sarajevo before the war. I solved this problem at first by bribing a policeman, who was overseeing the

station attendant's honest and fair work, with a payment coupon for 10 liters of fuel. The policeman immediately made room, and waved my UNPROFOR [UN Protective Force] accreditation, which he did not even pay attention to before the transaction, in front of the long noses of the dissatisfied people who were venting all their anger at his and my expense, and explained to them: "We have to do everything possible to have the truth about Serbia get out to the world." The other possibility is the fuel resellers, who do not always have fuel on hand. For a liter of ordinary gasoline, one must spend a mark and a half. The ones most widely engaged in this business are river fishermen, who as a rule no longer catch fish, since they do not even earn enough by selling them for day-to-day survival. That is why there is real culinary mourning on the barges and rafts on the Danube and Sava that were famous for their fish specialties. Fuel coupons are resold primarily by taxi drivers, since they do not use them because there is too little demand for their services.

The deep crisis in Serbia is also illustrated by the dozens of foreign exchange resellers, who are willing to spend about 27,000 Yugoslav dinars for 100 marks—twice the official exchange rate. This is also the average wage, and with it Belgrade residents can buy 20 diapers, while for a baby carriage, for example, they have to spend at least two average paychecks. You therefore wonder, of course, how people can even survive from month to month. I received the first answer to this question at 0400 hours, when in the center of the capital I noticed several dozen people patiently waiting in line. At first I thought that they were waiting for fresh bread, but when I got out of the car I found out that they were standing in front of the Dafiment Bank. I approached one still sleepy fellow, who explained to me: "We are waiting for the monthly interest on our foreign exchange deposits. In fact, for a year's fixed deposit of our foreign exchange savings, Dafiment pays 15 percent monthly interest. One can live quite well on that money." I also found out that favorable interest rates were also offered by the Karic Bank and the Jugoskandik Bank, which was founded by the famous boss Jezda. When I asked this gentleman why he had already gotten in line so early, he added that in an hour there would be at least a thousand people in line. It is also characteristic of Belgrade that it is a city of newcomers from the countryside, who still have numerous relatives on farms. Elizabeta said: "If I had to live on just my wages, I would have been going hungry a long time ago. I am provided with food by my parents, who have a large farm in Vladimirovac, and I also have enough fruit and vegetables at my weekend cottage." More and more people are engaged in smuggling. Whereas the state shops, as a rule, are stocked with goods "made in the FRY," in private shops one can discover a colorful assortment of "imported" goods, especially cosmetics and textiles. In private drugstores, for an inflated price, one can also get all types of Slovene medicines, but the socialized drugstores do not even have aspirin. There has also been a boom in all types of crime, which no one is prepared to clamp down on seriously. This is also

because most of the Belgrade policemen are in Kosovo and in the occupied Croatian territory; there are only a token number in Belgrade. From the guarded and supervised Metropol Hotel, where I spent the night because acquaintances had recommended it to me as one of the safest Belgrade hotels, in the few days of my stay thieves stole two cars, and in just one afternoon that I spent in the hotel, two strangers entered my hotel room with the pretext that they had made a mistake about their room. That is why every morning, even before breakfast, I checked on whether my car was still in the parking lot, I rewarded the guards with big tips, and I always kept my money and documents on me. Stolen vehicles disappear into thin air, with the thieves having connections with hotel personnel and the police. One of their victims was also an acquaintance of Radovan, who has friends among police detectives. Radovan said, "Just a few hours after the theft, the detectives found out that this car was on its way to Bosnia-Herzegovina with new license plates and a new registration. They immediately told me that the car was lost because it was a matter of organized crime and not juvenile delinquents, who usually drive a stolen car until it runs out of gas." Finally, those returning from the Croatian and Bosnia-Herzegovina wars, who have been selling stolen goods in marketplaces throughout Serbia, have also taken care of making Belgrade residents' life more bearable. Thus, for instance, Slobodan boasted: "I bought a video recorder from Arkan's men in Ruma for 100 marks, and a first-class stereo system cost me just a few marks more."

Of course, there are also people who do not have foreign exchange savings or relatives in the countryside, who do not steal, and who would not take, even for free, stolen goods to which the blood of innocent people still remains. Thus, for instance, when I went to visit an acquaintance, I saw an elderly lady with long white gloves on her hands rummaging through a trash can. I asked her whether I could help her in some way, and she retorted that she was just looking for something that she had thrown in the trash by mistake. I told this story to Aleksandar, who said: "That is how she answers everyone, but every day she looks for food in trash cans. She is just one of many people who are suffering from hunger, and she is too proud to eat at the public kitchens. The first such kitchen was opened by Caritas, and later they were also opened by other humanitarian organizations. Several thousands of Belgrade residents and refugees of all nationalities are already eating in them. At first the most frequent guests at those kitchens were Gypsies, who resold the food, so now the doors have been closed to them."

Also completely impoverished is Serbian health care, which lacks the most basic medicines and medical supplies. Olgica said, "Suicides are taking place one after another in mental hospitals, because they do not have enough sedatives and other necessary medicines for the patients. My father also hanged himself. That is why you can believe that I know what I'm talking about. Of course, one cannot discover these facts in public because

people are too burdened with their own troubles to be interested in the fate of lunatics." Also affected is Blagoje, because he cannot arrange an operation for his father, who has a serious heart disease, that could save his life. He stated angrily: "I wanted to send my father to a prominent clinic in Kamenica, near Novi Sad, which is famous for successful heart operations. When I inquired about when I could bring him, the people at the clinic answered that I could bring him immediately, but only together with a fifth copy of a transfer to prove that the operation was paid for." Pavle is a successful businessman even in these times of crisis, and so he does not yet lack money. Consequently, for his sister, who will give birth in a couple of months, he has bought everything, starting with surgical gloves, of which there is already a shortage in Belgrade. "If my sister does not need these instruments and medicines, I will donate them to a hospital or some other pregnant women, so that I have certainly not thrown the money away," Pavle also explained.

At first glance, night life in Belgrade has not changed. On Ada Ciganlija, tireless musicians still strum until early morning, women dance on tables, and merry groups sing songs of the old city. The only difference is that many more guests are carried out of these scenes feet first today than there were yesterday. That is why policemen conduct a thorough search of all visitors at the very entrance to this riverside of entertainment. During this procedure, a policeman advised me: "You would be wiser to look for some more suitable place for entertainment." There are still enough of these even in the center of Belgrade, but to my surprise I did not hear anywhere the patriotic and Cetnik songs that were allegedly still part of the tourist offerings yesterday. During these nocturnal rounds, it only happened to me once that two groups of people almost quarreled with me because of my national identity. Zoran, from a neighboring group of people, who identified me as a Slovene from my speech, in fact, could not get over the Yugoslav Army's defeat in the Slovene war. He swore: "As a soldier, I built the water pipeline in Maribor, but now it is not my country anymore. I regret that I did not participate in the war in Slovenia, so that I could strangle a few dozen Alpine Croats with my own hands. Nothing has been lost yet, however, since we will still come back." Most Belgrade residents whom I met during these days, however, do not view Slovenes arrogantly and maliciously; they are only restrained, and cannot believe that Slovenes are not all by turns hungry, naked, and barefoot because they decided on independence.

The trip back was no less disturbing than my arrival in the Belgrade capital. I waited for fuel for six hours, but even that much patience did not pay off for me this time

since the fuel ran out too soon. With the aid of acquaintances, I found a reseller, who perceived that I was in trouble and inflated the price appropriately. First, the police stopped me at the exit from Belgrade, and then twice more at the entrance to and exit from Novi Sad. The policemen were professional, inquired about how things were in Slovenia, and let me go with the recommendation: "Write that Serbia is a democratic state in which no one has to be afraid that anything bad will happen to him. The world is unjust toward us; we are not all Karadzic's Serbs." My driving too fast was to blame for my being stopped by the police once more. The policeman took away my driver's license, and recited: "Because of a serious traffic violation, we will take away your driver's license for 24 hours. Report to the judge for violations tomorrow. Come to the police station with a confirmed postal order, and we will return your driver's license. These rules apply to all foreign citizens. You will have to pay a fine of 10,000 dinars." A long attempt to persuade him began. When I explained what I was even doing in Serbia in the first place, I listed for him the names of the prominent political figures of all the parties whom I had interviewed. When I got away with a fine of 20 dinars, I did not ask, of course, whether I had been saved by a false interview or one that I had actually conducted.

At the border crossing in Kalebija near Subotica, I witnessed interesting business transactions this time. The police did not want to allow into the FRY a Serb whose car had a Zagreb registration, and whom several waiting patriots almost lynched while he attempted to explain his own national origin. They only relented after he had replaced his Zagreb registration with a Subotica one, with the aid of Hungarians. This deal cost him 200 marks, which the unfortunate Serb first had to exchange on the black market, with at least 10 uniformed Serbs and Hungarians watching. I also took advantage of my full two hours of waiting at the border crossing for a brief conversation with a bus passenger, who said bitterly: "We will transfer from a Serbian bus to a Slovene one. Most of the passengers are afraid that after that disgraceful ride in Dolga Vas, they will not let them into a state that was Yugoslavia up until yesterday."

What made the biggest impression on me was the fear and uncertainty that I perceived in many eyes. People are not just afraid of the approaching winter, which threatens cold, hunger, and sickness; they are afraid of any radical change; they are afraid that the war will also spread to Serbian territory and that blood will also flow in the streets of Belgrade. This fear of theirs is being skillfully exploited by Milosevic's ruling Socialist Party. That is why it seems that the company in the Serbian cafe from the beginning of this story will still be feasting on suckling pigs for a long time to come.

Names, Status of Foreign Diplomats in Skopje

92BA1408A Skopje NOVA MAKEDONIJA
in Macedonian 3 Sep 92 p 4

[Article by Lj. P.: "In Expectation of the Ambassadors"]

[Text] *How Macedonia Communicates Officially Diplomatically With the World*

At the moment, Macedonia officially has only one of its representatives abroad who works solely for the Government of Macedonia. Four countries have their diplomatic representatives in Skopje. The Ministry of Foreign Affairs has not received an official request from Russia for Macedonia to send its representative to Moscow.

The recent signing during the conference in London of the protocol for establishing diplomatic relations between Macedonia and Turkey and the news that comes from Moscow that Russia is proposing that our republic send its official representative to the Russian capital reemphasized the problem of official and permanent Macedonian diplomatic communication with the world—at least with those that have recognized us up to now. Unfortunately, Macedonia does not have an official representative in any one of them (Slovenia, Croatia, Bosnia-Herzegovina, Russia, Lithuania, Turkey, North Cyprus, Bulgaria, and the Philippines), and, as things stand now, the ambassadors or, eventually, the consuls will wait. The reasons for this are both prosaic and unbelievably important: the money and the procrastination of the responsible people in the government to send Macedonian diplomatic representatives to these countries.

At the moment, Macedonia as a state officially has only one of its representatives abroad. That is Ljubitsa Atsevskva, one of the directors of the U.S. company Gulf Enterprises, and now, as she herself declared to us in London during the peace conference, she has a unique job—special representative of the Government of Macedonia in Washington. As we can imagine, she is in direct contact with the president of the Republic and less with the authorized Ministry of Foreign Affairs. The Macedonian Government, along different channels, has made agreements with some of our emigrants, who are highly thought of in the countries in which they now live, in order to help in diplomatic representation of Macedonia in these countries. One of them, likewise with the title of special representative of the Government of Macedonia, is Simon Kiskoski, a person about whom little is known. Now, as a representative with special status, Ljupcho Naumovski is traveling to Brussels in connection with what was decided by the recently held World Macedonian Congress.

The news from Moscow concerning the alleged desire of the Russian authorities that Macedonia send its representative, as we recognize in the Ministry of Foreign Affairs, is more a fruit of journalistic investigation in Russian diplomatic circles because, up to now, no official request has been received in Skopje. That does not mean that there will not be one, but the Macedonian diplomats have not had even an unofficial declaration of the matter from their Russian colleagues. Now,

according to the negotiations Presidents Gligorov and Zhelev are conducting in Burgas, it is necessary to open consulates general in the main cities of the two neighboring states. The time limit set by the treaty elapsed yesterday, and, for the time being, there are no concrete announcements concerning this.

Four countries already have their diplomatic representatives in Skopje (if we exclude the honorary consuls of Belgium and the Netherlands). Germany is opening its consulate general in the chief city of Macedonia, and the first consul, Peter Stefan, has already presented his credentials to the president of the Republic. Stefan still has no residence in Skopje and works out of the offices of GP Ilinden. The Republic of Slovenia sent an emissary to work in its newly built embassy in Skopje. The emissary, Igor Jelovshek, presented his credentials to Minister Maleski and is waiting for his regular job to begin by the middle of this month. In addition to them, the permanent consulates of Greece and Turkey are operating in Skopje, and, when the Turkish Government will raise theirs to the level of an embassy, is only a question of time. Skopje will postpone the new ambassadors for awhile, but it seems that, later on, our diplomats will leave for service in the metropolises of the world.

Shortage of Cash Hampers Macedonian Economy

92BA1426A Skopje NOVA MAKEDONIJA
in Macedonian 10 Sep 92 pp 1, 5

[Article by V. Cvetkovska: "The Money Is With the Merchants and the Black Marketeers!"]

[Text] *Companies and private citizens both keep the cash or convert it into hard currency. Chronic shortage of cash.*

The acute shortage of money that has shown up in the Republic has already begun to make private citizens and enterprises nervous. More precisely, in the past few days it has become customary for tellers in banks and various agencies to turn back depositors who would like to draw cash out of their savings or current accounts, claiming that they have no available cash. The shortage of cash is felt not only by private citizens but also by the black market and the legal financial institutions. It is difficult to determine what is happening to the denars and where the Republic's currency is. The logical answer, which is quite close to the truth, is that the money is here, with the people, but is it efficiently distributed?

An Old Art

This is not the first shortage of cash to develop in the interval between the printing and the circulation of the currency. The same kind of cash crisis occurred about a month ago, at the end of the tourist season, although at that time people knew where to look for cash when they needed it.

More specifically, the concentration of cash was mainly in Ohrid, Dojran, and Prespa or, more precisely, in the tourist areas, as well as in Tetovo, where the black

market in currency was most active. That situation is now being repeated. The greatest demand for cash, taking into consideration the size of the population and the central location, is in Skopje and the agricultural parts of the Republic.

The most knowledgeable and reliable people in the Republic avoid making official statements on this sensitive topic. Their view and their knowledge of the "terrain" is that the cash is concentrated in the flea market in Tetovo and in private firms, above all in the hands of the merchants. Cash is also being hoarded by public enterprises because it is used in dealing with more important business partners and in transactions, thus avoiding state taxes. Considering that this is the season to purchase farm produce, the farmers are also demanding to be paid in cash.

Dealing and paying in cash has become a daily occurrence and is further proof that, instead of advancing toward Europe, we are walking away from it. More accurately, whereas in all civilized countries cashless payments are increasing because they are considered faster, easier, and more modern, the opposite is happening in our country. According to the national bank, whereas, in the past, 10-20 percent of payments were made in cash and 80-90 percent were cashless, this ratio has currently been substantially disrupted, and some estimates are that more than 75 percent of transactions are paid in cash. It appears that all companies that use cash do not deposit the denars in their bank accounts but either purchase goods or sell goods and then purchase the hard currency needed for transactions abroad. The same thing is done by private citizens—at least the more skillful ones—who, the moment they get paid, protect the value of their money by converting it into foreign currency. By avoiding using the Public Bookkeeping Service [SOK], companies also avoid being tracked and paying taxes and other dues to the state, and the money is not returned to the banks.

As early as May, the Macedonian Government passed a regulation on the maximum amounts that could be handled in cash by public and private companies and the amounts of cash that could be kept and used for payments. The extent to which that regulation is adhered to will soon be determined by SOK audits of Republic enterprises. However, for the sake of fairness, we must say that the banks themselves have contributed to such an attitude on the part of companies and private citizens because of the restrictive policy they have concerning cashless payments, the strict criteria they have set in issuing checks on current accounts, and so on. Naturally, violations of payment procedures among the former republics and mistrust among enterprises and banks and among banks and enterprises themselves have contributed to the strengthening and exclusive appreciation of the system of cash payments.

Impecunious State

All experts of the Macedonian National Bank and SOK and the merchant banks agree that this situation with

denars has been helped by a 141-percent increase in salaries and increased pensions, which have created a demand for more cash. More accurately, according to financial experts, we have reached a situation according to which our needs and the rights we have are not rationally balanced, and expenditures do not correspond to the material possibilities of the state.

There is no ready cash, no one is selling on credit, and the currency situation requires a different amount of money in circulation. That is precisely why, consistent with the optimistic projections of the experts, who claim that the situation will soon be settled, we should expect the Macedonian National Bank to intervene correspondingly by putting more cash into circulation. That would change the structure of the monetary mass but would not affect its volume (unless that has already taken place), which should remain within the stipulated limits. Otherwise, for the time being, the only thing that is happening in the Republic is that denars are being transferred from one end of the Republic to the other, depending on the concentration, the surpluses, and the cities in which there is a cash shortage.

Petroleum Crisis in Macedonia Analyzed

*92BA1410A Skopje PULS in Macedonian
3 Sep 92 pp 15-16*

[Article by Vasil Mickovski: "Petroleum Is Not Water"]

[Text] *Obviously, the two-month-old petroleum crisis has proved to everyone that, in Macedonia, petroleum is not about to arrive the way Tuesday arrives after Monday. Will the private entrepreneurs be able to resolve the petroleum crisis, or shall we be facing a new, legalized black market?*

To the extent to which Greece has accepted the recommendation of the U.S. acting secretary of state on lifting the petroleum embargo imposed on Macedonia (twice stated in London, according to news sources), Lawrence Eagleburger could possibly once again justify the prestigious title conferred on him—Lawrence of Macedonia! The premature praising of this skillful diplomat, who is exclusively motivated by state interests, is the best proof that hope goes hand in hand with fear. Because petroleum is the inseparable companion of high-level policy and, furthermore, the lack of specific indications, the common people can only speculate about whether the United States and Europe will allow Greece to bring Macedonia to its knees by blocking the petroleum artery that flows from Thessaloniki to Skopje by increasing the sanctions against Serbia. The latest steps of the U.S. Administration, according to which President Bush has recognized the status of independent nation of the four former Yugoslav republics, strengthened by the eternal optimism of the people, lead us to conclude that Greece will allow the petroleum to flow and that Macedonia will be rescued.

Without such an optimistic implementation of a lasting guarantee given by our southern neighbor that it will not use the "Thessaloniki extortion," this young state in the

Balkans, which is waiting for broader international recognition, should reconcile itself to the fact that, for a while, it will resemble a Chinese province in the proximity of the Himalayas, the first de facto ecological state in the world, or the Netherlands in the fall of 1973 [date of the oil embargo by OPEC]. This may not be the most fortuitous state, but one result is certain: The air over Macedonia will become much cleaner, and there will be virtually no live labor. In other words, with the greatest of ease and almost overnight, Macedonia will become a utopian state, in which the main advantages of the postindustrial society will show up, the difference being that the rumbling of machines at work will not be heard. However, because we are still citizens of the kingdom of labor, in which people starve if they do not work and shiver from cold in winter if there is no petroleum, Macedonia will not have too much time to develop alternatives to petroleum.

Naturally, there is another way of procuring petroleum, but it is equally clear that the new routes (Burgas via Deve Bair, Drac via Kjafasan, or some other route, currently considered top secret) will turn out to be quite expensive solutions for Macedonia for at least two reasons: Transportation costs will rise significantly, and imports will consist solely of petroleum derivatives. Multiplying these two inputs times the national economy, one can easily see that the "projected" \$130 million will be insufficient to procure the planned amount of petroleum, not counting the losses incurred from closing down the Skopje refinery or halting railroad traffic.

However, even if the barrier on the Greek-Macedonian border were to be lifted, we would once again be facing the real problems because in no case would we dare forget that the petroleum crisis is the result of internal weaknesses. It is true that, according to the Makpetrol people, supplies will stabilize within 10 to 15 days after the arrival of the tanker with the already purchased petroleum at the Skopje refinery. But what about the tanker after that? Where is the hard currency to be found? Would this be a repetition of the old practice, according to which, the supplying of each additional tanker would turn into an even greater adventure?

It is obvious that the two-month-old petroleum crisis has proved to everyone that, in Macedonia, petroleum will not come the way Tuesday follows Monday. The prevailing impression was that, regardless of the adopted attitude or taking into consideration the new circumstances, petroleum would be available because someone would see to it that regular supplies of this strategic raw material were ensured. That may have been the case in the former Yugoslavia, where, under state control, there were virtually no problems in procuring and distributing petroleum. There were no hitches then because one-third of the overall need (in the former Yugoslavia 15 million tons were exported) came from domestic sources; the rest was based on clearing-account deals, and only 5 million tons were purchased with hard currency. Naturally, republics that had no hard currency solved the

problem by purchasing it from the Yugoslav National Bank. Thus, last year Macedonia made use of the then joint hard-currency reserves of \$130 million to purchase petroleum; this year it had only \$20 million for the first quarter and had been informed that a similar amount would be made available for the second quarter.

Since it became autonomous, Macedonia has lost its ability to purchase petroleum and hard currency with its domestic currency. Because clearing deals have virtually stopped, Macedonia can purchase petroleum only by paying for it with hard currency that it owns. This has been a major change that has called for the fast restructuring of the state and the economy. The crisis that is now shaking up the Republic and is threatening to bring about an overall stop to economic life indicates that this attempt failed.

Despite the changed circumstances, the state has retained control over the execution of petroleum policy. With a huge profit for the state treasury from petroleum, the most important task of the government has been to develop mechanisms for promptly procuring foreign exchange for such energy carriers. The government has not managed to do so because, in its role as "seeker of foreign exchange," it has used administrative measures (mandatory confiscation of 30 percent of the foreign exchange earned by exporters) that the economy has successfully been able to avoid. In economics, neither sanctions nor threats are of any help the moment the economic subjects realize that their interests are being threatened. It is an open secret that Macedonian exporters are concealing their profits by keeping their foreign currency abroad or applying a system of compensation. It is estimated that tens or perhaps even hundreds of millions of dollars are being deposited in foreign banks, while the Republic has at its disposal minimal currency reserves. The selfish attitude displayed by the active exporters who meet their own needs by importing petroleum derivatives is proof that they lack even a minimal sense of the macroeconomic, and even the national, interests of the state.

The real problem facing the exporters is how to resolve the issue of the reevaluated rate of exchange of the denar. Everyone clearly understands that few people are willing to sell dollars for 500 denars when the value of the dollar is at least double that amount. Apparently, the only way to avoid currency support or accept the illegal concealment of currency would be to revive the foreign exchange market, which, according to the experts, will initially be "imperfect" as it functions while the present fragmentation of foreign exchange is being eliminated, as a result of which demand will be significantly higher than supply. This will mean yet another draining of resources of the economic subjects who are not exporters, although they function according to the principles of the market and the law. With the activation of the foreign currency market, the problems of needed foreign exchange to procure petroleum will unquestionably be solved. Nevertheless, with the introduction of an important lever in the economic system and the adoption of a realistic exchange rate, the level of inflation is bound to rise because, if currency support becomes legalized and thus creates real prerequisites for normal petroleum procurements, monthly inflation, instead of being below 10

percent, will most likely rise to a double-digit figure. Yet that is the cost of correcting the imperfect nature of the economic system and the errors that stem from a poorly executed economic policy.

But that is not all. It is estimated that Macedonia will fall about \$300 million short if it retains its present export pace. Considering the present situation in Macedonia, the country cannot afford a deficit because it neither has currency reserves nor can it borrow from foreign countries. That will require that it formulate urgent programs to considerably reduce a large number of imports, including petroleum.

Therefore, it would be wise to quickly calculate a realistic estimate about the amount Macedonia is able to pay for petroleum, so that we can determine how to meet our needs efficiently and how to stimulate savings. In the present circumstances, in which fuel oil costs 50 percent less on the world market, it would be unrealistic to expect that the economic entities would adopt a rational attitude. This means that better petroleum supplies are closely linked to price policies.

Currently, with a number of days remaining before the question of whether the petroleum will arrive or there will be total collapse is answered, the idea of a silver lining becomes prevalent. There was a spark of hope when the Association of Private Managers announced that it had resolved its petroleum crisis and had become "involved" in the petroleum business. On the surface, it appears that this will benefit Macedonia because it will strengthen private initiative, which has proved to be more efficient than the cumbersome and sluggish state administration. Furthermore, with the involvement of private entrepreneurs, the process of breaking up the Makpetrol monopoly will be initiated. That is regardless of the fact that the possibility of becoming involved in the petroleum business existed in the past as well and that, of the 103 companies that proclaimed their involvement, only four or five were able to make a few deals.

The private entrepreneurs are asking the state to grant them treatment equal to that of Makpetrol and are even speaking of splitting the petroleum pie and requesting another lowering of the fees levied by the state. Naturally, there is nothing wrong in all interested subjects wanting to be treated equally regarding their fees or competition for sites on which to build gasoline pumps, for instance. On the other hand, the state must determine (if it decides to do so) whether it will grant them any special tax facilities, which is considered by private entrepreneurs a basic prerequisite for investing their own capital. Some thought must be given to reducing taxes as a possible solution to ensuring a better supply. However, it is believed that applying double standards in taxation would be a grave error.

On the other hand, interest in importing petroleum under conditions in which there exist great opportunities for not paying any tax (which accounts for almost two-thirds of the structure of petroleum derivative

prices) is quite understandable. Previous deals involving petroleum, in which no tax was paid, obviously yielded huge profits: For example, for every 1,000 German marks invested, the expenses of the "importer" are less than 400 marks. The rest is net profit! Is that possible? Naturally, it is, as confirmed by the "business" conducted so far with cigarettes and scarce goods imported from abroad, on which no tax was paid. Furthermore, the danger exists that the petroleum that will be procured to meet Macedonia's needs may be resold on the Serbian black market, thus augmenting profits. However, if this were to assume enormous dimensions, the position of Macedonia would be threatened because it would be violating the sanctions imposed on Serbia and Montenegro. If the state believes it can set honest rules for the game, something it apparently itself doubts, it should maintain liberalization in the petroleum business. Meanwhile, as long as there is a threat of legalizing a new black market, it would be better to postpone the making of palliative and hasty decisions.

Domestic Coal Cannot Replace Oil, Gas Imports

*92BA1432A Belgrade EKONOMSKA POLITIKA
in Serbo-Croatian 31 Aug 92 pp 23-24*

[Article by Dragan Nedeljkovic]

[Text] *When sanctions were imposed on Serbia and Montenegro, the authorities assured the public, without basis, that they would not last long and that they would not hurt us; coal, as the strongest energy source in Serbia, cannot replace the shortage of other energy sources, either qualitatively or quantitatively; even if coal producers had anticipated problems in the importation of spare parts, no one expected that the war in Bosnia and Hercegovina would leave the mines in Serbia without a labor force.*

In spite of the unusually long summer, warm days, and a shortage of good rains, fall and winter are getting closer and multiplying the concerns of the producers of energy. Even the less-informed citizen is fully aware that the first cold days will also bring energy problems: The importation of oil and gas is under embargo and domestic production is not sufficient to meet even one quarter of the needs. Electrical energy is an enigma in itself, since the authorities have not presented a factual statement on the power plants or of their production capabilities, and occasionally there is a rumor that we will be getting "coupons" for electricity. News about coal supplies is also only sporadic, although the reserves are mainly depleted and there are no extra reserves.

When the sanctions were imposed on Serbia, i.e. the Federal Republic of Yugoslavia, the authorities were proudly, although without any reason or basis, giving assurances to the public on two key theses: a) sanctions will not last long and b) they cannot hurt us. As for energy supplies, they stressed that the sanctions would not even be felt. Sufficient quantities of oil and oil products would, allegedly, be ensured; the Serbian electric power industry and coal mines have surplus

capacity, and production would not experience any problems whatsoever. It is possible that such statements served political purposes, perhaps they were meant to boost the morale and strengthen people's patriotism, but what they showed, and quite clearly, was how little understanding all the leading politicians and authorities had of energy. All of the energy systems that exist in Serbia and Montenegro were built to meet normal conditions, linked to the other parts of the former Yugoslavia, and to neighboring countries. Whether talking about the oil pipeline, the gas pipeline, the electric power supply system, gas stations, or even coal mines, none of these were designed to be self-reliant, and none of them can function, certainly not without great difficulties, when the links are broken. True, the violent severance of oil and gas pipelines and transmission lines carried out during the past year can be repaired at a great expense and with exceptional effort, but the total blockade hurts the very essence of the energy systems.

What good does it do to have plants with large power outputs if the spare parts and raw materials, necessary for their maintenance and their operation, are not available any more? What good does it do to have excavators in the mines, conveyers in the pits, or work safety instruments and equipment in those same pits, if everything comes to a standstill and becomes useless because there are no parts or material being imported? The power and the capacity of such facilities becomes nominal, only as written on paper. Production could be forced, but only at the cost of wearing out the facilities and damaging them, and, in the end, losing part of or even all of the facilities. With colder days coming, it will become obvious that the optimism of the authorities was not only false, but damaging, too. The sanctions could persist, and the time for any more serious and organized planning of energy production, as well as consumption, has been lost. Unless the printing and distributing of coupons is considered some sort of an ideal in the organizing of the state.

By the very nature of things, regardless of how and why the sanctions came about, an isolated country has to turn to its own resources. For energy, this means returning to coal, although in terms of energy, technology, economy, and certainly in terms of living standards, this means returning to the past. Haven't we built the heating systems in the cities to avoid the expensive and dirty manipulations associated with coal, starting with its transport and distribution, to its burning, its slag and ashes? How to return now to coal stoves and chimneys, which many city developments do not even have? And, then the question arises: Is there coal to replace the imported oil and gas?

In search for an answer, one has to start from two facts: First, the natural resources of this area are mostly coal deposits, and second, the mines cannot produce enough to satisfy the needs of all the consumers. This would be true even without the sanctions, even if gas and oil could be freely imported. Sounds like a paradox, but it is true. The energy balance for this year does, after all, indicate

a shortage of coal and a need to import coal for the whole Federal Republic of Yugoslavia. At the beginning of the year the production was predicted to be 45 million metric tons and with a consumption of 46 million tons. The difference is not so great, only 1 million tons to be imported. But, who thought of sanctions at the beginning of the year, and who expected the energy situation we are in now? The trouble is that even after the sanctions were imposed no one thought of doing something, of ensuring at least that coal production is at the planned level. In all honesty, it was difficult, if not impossible, to predict that the war in Bosnia and Hercegovina would leave coal mines in Serbia without sufficient labor. And, as we already mentioned, there is the problem of equipment and machinery, so the shortage of coal cannot be entirely blamed on the mines.

The disharmony between the natural energy wealth and the existing capacities of the mines can serve to teach us a lesson for the future. It does not make much sense now to discuss why the natural wealth has not been used better. And, this information is misleading; when one considers the quality and the structure of these deposits, one can see that most of it is lignite, suitable mostly for thermal power plants, while the deposits of brown coal and hard coal are not sufficient, and even for the existing deposits, mines have not been built. Before transport links were cut off, Serbia and Bosnia and Hercegovina supplied about 2 million tons of coal annually—that is, brown coal, intended for industry and mass consumption. Of all the large strip mines, only Kolubara and Kosovo had dry chambers constructed that turn lignite into coal similar to the brown coal used in industry and households and that is suitable for mass consumption, but both have insufficient capacities. Let's not even mention the technology problems encountered because of the embargo.

Only very recently Serbia and Montenegro reached an agreement on barter trade—electricity would be traded for coal from Pljevlje to be used for general and mass consumption. Although the agreement speaks of some sort of interstate barter trade, and does not mention companies, it is obvious that the thermal power plant in Pljevlje will sit idle while the coal will be going to another republic (one can only hope that both the mine and the plant will receive appropriate compensation). This could have been done two or three months ago, and the quantities of coal could have been more substantial. And, how many initiatives to increase the production of the mines have failed due to a lack of understanding on the part of the administration, and to the lack of investment?

The disproportion between coal production and coal consumption is not characteristic of Serbia and Montenegro only, but for other republics of the former federation as well. This is best illustrated in the energy balance for this year, which was never adopted, although the production and consumption plans now serve only as an indicators, not as true indexes of the situation. The total production was to reach a little over 75 million

tons, and consumption over 75.5 million tons. Thus, it was necessary to import a certain amount of coal. Almost 69 million tons were to be used in the thermal power plants for electricity production. Such a balance results from already determined reserves and their structure on one hand, and on the other, from the existing mining capacities. In the total production, 83 percent is lignite, some 16 percent brown coal, and only 0.43 percent hard coal. In spite of the decades of difficulties in the economy, losses, and insufficient investing, coal production showed growth in the last few years, although it was a modest growth of about 3 to 4 percent.

It is difficult indeed to predict what will happen next. Serbian and Montenegrin mines are feeling the consequences of the international blockade, mines in Bosnia and Hercegovina are mostly closed down. The war conditions and disorders in economic life often caused, even before the blockade, insurmountable difficulties, shortages of explosives, construction material for the mines, spare parts and material, work safety equipment and instruments, as well as some major accidents in the mines. A lot of time and huge investments will be necessary for the recovery, but it remains to be seen if there will be enough willingness and money, even workers, ready to work in the mines for small salaries.

According to the projections, each republic indicated it would consume all that it produces, and that the production and consumption differences among them are drastic. Thus, Bosnia and Hercegovina has, or better yet, had planned at the beginning of the year to produce 17.7 million tons, Montenegro 1.7 million, Croatia 170,000 tons, Macedonia 6.6 million tons (estimated, no official figures), Slovenia 5.4 million, and Serbia 43.5 million tons.

Harvest in Serbia Smaller Than Planned

92BA1432B Belgrade EKONOMSKA POLITIKA
in Serbo-Croatian 7 Sep 92 pp 20-21

[Article by Milosav Ilijin: "Agrarian Plan as Part of the Promotion of the New State; Most of the Growth in Food Production Is in Developed Countries With Market Economies; The State Is the Only Legal Purchaser of Wheat"]

[Text] These late summer days, the fields with their fall crops paint a sad picture of unnaturally interrupted vegetation. Judging by the condition that the crops are in, the plains do not differ any from the mountainous areas, neither do the river valleys differ from the arid areas, and, as according to some testimonies, the areas outside the war battlefields do not differ much from those stricken by the horror of destruction, killing, and persecution. This most certainly indicates a poor, if any, harvest, and very gloomy prospects for feeding the population during the long winter months ahead.

The harvest forecasts, whether "official" or practical, do not have a serious purpose under such conditions, but it is reasonable to link them with the "expectations"

expressed in the production plans which the authorities, especially in the "nonwarring" republics, announced last spring. For instance, according to the plan of the Ministry of Agriculture for Serbia, of 1,517,500 hectares under corn, 8.3 million metric tons should have been harvested by now; from 121,000 hectares, about 5.7 million tons of sugar beet; from 189,000 hectares, 465,500 tons of sunflower; from 78,190 hectares, 182,540 tons of soya; various vegetables from about 300,000 hectares; cattle food from 173,000 hectares; and so forth. How wide, and well, were all these fields planted, and when? This could, until recently, have been seen with the naked eye in the very unequal growth and blooming of the corn and sunflower in certain plots, which of course, reflects the potential yield. It is estimated that, only in Vojvodina, the corn yield will be lower by 2 million tons, sugar beets by 1 million tons, sunflower (from larger plots) one fifth less, and the soya yield will be half of what was planned.

It is hardly necessary to remind you that the above-mentioned planning coincided with the arrival of a prominent agriculture expert as the head of the new government, which was followed by the great promotion, last May, of that government's community with another republic, much less agriculturally prosperous. In other words, the "great green plan" was only a secondary part of a wider "vision" of a bright future for this new community, self-sufficient and capable of feeding its entire population, even those in the Serbian "krajinas," and on top of that, capable of exporting a "surplus" of food. This, naturally, did not remain outside political options and propaganda used to influence the psychological state and election choices of the widest and most threatened strata of population, rural and urban equally, before the May election farce started and while it lasted. Not long after that, it also became a philosophical slogan of how even the world blockade will not prevent us from surviving on grass and roots! What was obvious in February was confirmed only later, but it was too late—shortages of sunflower and hybrid corn seeds, not enough fuel for the tractors to do the plowing in time and to plant larger surfaces after the partial fall harvests, the fact that from October to March the fertilizer factories delivered barely half of the quantity needed, and on top of everything else, the farmers were not ready nor were they financially capable of paying the higher prices for raw materials, and the sugar refineries and oil producers could not compensate them. For the farmers and the factory workers nothing else was left but to blame St. Elias, the Thunderer, for the poor harvest, and to hope that, perhaps, this was the last of the state-political plans and maneuvers that they would be subjected to.

In the Hunger Zone

As for the poor harvest of fall crops, St. Elias, the Thunderer, has been falsely accused because he failed to bring rains when the crops needed them most, neither should we blame the unrealistic plan committed with an uneconomic premeditation. In order to fully understand the real causes of the failure, it is not advisable to draw

conclusions based on only one year or on the yield from one region only, not to mention the unprecedented "peculiarity" of the current agricultural year. But, at the same time, there can be no doubt that what we are experiencing this year is not an exception or an accident. On the contrary, it is quite certain and demonstrable that this, too, is only a drastic consequence of a long-term trend in agriculture, and not only in our agriculture.

If we look only into crop farming, available official statistics for the entire former Yugoslavia show, for instance, that in the period of 1986 through 1990, when compared to the period of 1971 through 1975, the wheat yield increased from 2.84 to only 3.88 metric tons per hectare (index 136.6); the corn yield from 3.47 to only 3.96 tons per hectare (index 114.2); the rice crop from 4.50 to 4.77 (index 106.0); sugar beets from 29.30 to 39.62 tons per hectare (135.2); soya from 1.65 to 2.05 tons per hectare (124.2); sunflower from 1.67 to 2.04 tons per hectare (122.2); and the potato yield fell from 8.68 to 8.12 tons per hectare (93.50). All this was happening during the time when, for instance, the average European yield of wheat was 4.3 tons per hectare, in neighboring Hungary it was 4.8 tons per hectare, and in Holland they even had 7.1 tons per hectare. The Novi Sad agronomists, somewhat offended, gave proof then that the biological potentials of various new sorts that they had created were used 60 percent less. A couple of years earlier, an eminent Russian agronomist on sunflowers was similarly resigned when he saw a plot planted with his sort in Vrbas such as he never seen, even in the most fertile Krasnodar.

In the global plan, international statistics over the past decade show that it is mostly developed countries, with free market economies, that register growth in food production (in spite of limitations imposed by their protectionist agriculture policies, which truly "produce hunger" in this unjust world). The same statistics, also show that countries with their economies planned by the state have little or no share in this, and that undeveloped countries improve the feeding of their populations by adapting modern methods of agricultural engineering, and even more so by separating and distancing their agricultural policies from state planning systems. Based on the data provided by FAO (UN Food and Agriculture Organization) for the period of 1977 through 1988, Prof. Dr. Laza Mihajlovic and Dr. Danilo Tomic came to the conclusion that undeveloped countries experienced a more dynamic growth in food production even when compared with the more developed parts of the world, and that Asian countries with centrally planned economies, China in particular, contributed the most. The authors believe that these countries owe it more to the start of economic reforms, property reforms in particular, as well as to the process of freeing markets and other mechanisms rather than to the speedy implementation of the elements of technological progress. On the other hand, the rate of growth in food production in Eastern European countries with state planned systems is much lower than the world average, and came about as

a "direct consequence of antidevelopmental agricultural policies which, for an unforgivable period of time, expropriated agricultural profit thus inflicting unmeasurable economic and political damage." In these countries, such development, according to the sources, is now the main argument for "a deadly attack on property stripped of individuality—an attack on the main citadel of the bureaucratic system." The same argument also speaks in favor of agriculture and the entire agrarian complex of the Eastern European countries, becoming a "unique epicenter of stronger and stronger earthquakes where agriculture, in a wider sense, becomes the conscience and awareness experienced as an unused opportunity in economic development which should be activated and executed as soon as possible."

But, all those infatuated with our "peculiarities" and our "originalities" of the past few decades may wonder what does this have to do with our agrarian situation and our agrarian policies. What the reformers in the East now see as a way out from the hunger zone in which they fell, our ideologists "realized" four decades ago, in the year of 1953, also a year of great hunger. Even then, they "abandoned" the idea of collectivization as one of property "stripped of individuality," replacing it with a "gradual socialization" of private farms, and, more recently, replacing it with "pluralism and equality of different forms of property." To the farmers in the East, who never even received the cow promised to them by Stalin at the 1928 Communist Party congress, 10 hectares of private land, a private tractor, an unlimited number of cattle, and the free city markets enjoyed in Yugoslavia seemed like a true farmers' paradise here on earth, and the abolition of land maximums in 1989 seemed like the heavenly kingdom. What is almost forgotten is that during that "crucial" 1953, at least 300,000 hectares of land was declared "surplus" after the above-mentioned distribution of 10 hectares per farmer, and was then unlawfully "socialized." The returning of this land to its former owners, based on the laws of the republics in 1991, totally wipes away all the analogies between "real socialism" and Yugoslav agrarian policy, and by the same token wipes away their consequences: one consequence being that of chronic hunger, and the other (ours) being total self-sufficiency and growing affluence.

That this is a big mistake can be seen precisely in the hopeless state of our crops, commodity reserves, poor offerings, and the explosion in food prices at the official, legal, "gray," and "black" markets, with even a more drastic form of "war communism" than witnessed in the East.

The World of Illusion and Reality

The market intervention that could have slowed down price growth, but which never took place, speaks best of the condition of the state reserves of food products. Regarding bread, it is estimated that the one and only authorized buyer in Serbia purchased about 600,000 tons of wheat, which means that for 10 million people,

not counting the interim supplies, there is enough bread for three months. How much of this wheat remained with the producers can only be judged based on estimates that are dependent on how generously the harvest was estimated (between 1.5 and 3.5 million tons).

The main reason for the low offer of wheat is explained by the fact that the state became the only legal buyer. On the other hand, the reason for abstaining from selling lies in the low buying ("protected") price of wheat (4 dinars). The same is to be expected with corn, the price of which will most certainly be "in parity" with wheat. At such prices, only those who must sell do so, and they only sell as much as they have to. On the other hand, it is certain that there is a shortage of these goods, and that they will not be in abundance for a long time, and since grains store well, they can sit in the attics until next year with no damage for the owner. Thus, from the farmer's point of view, and they are the biggest producers, it is wise to ensure enough bread for their own needs, and to save the surplus as seed for the "bad days." The only thing one can see these days out in front of the purchasing stations are loads of sunflower, a crop which did not find another buyer; the same future awaits the sugar beet, some sorts of fruit, and grapes; the rest belongs to the "gray" market.

From all this it is obvious where the reasons lie for the farmers' attitude towards the natural satisfying of their own needs first, and that is minimum contracting, and the bringing of a minimum of their produce to the market. The explanation is the same as in the case of the Eastern European countries no matter how much this contradicts the impression created by the existence of nearly 2.7 million private family-owned farms on the territory of the former Yugoslavia, or rather a good half of that number on what remains of the old Yugoslavia. The image of the farmer as a free producer is only an illusion, as is the market economy concept of business operations in general. What choice of goods and what kind of market freedom does a producer have when he cannot choose his buyers, but rather has to sell to a single authorized buyer, the state, and at a price determined by the state in strong alliance with inflation and accordance with the political goals and intentions of the ruler? And, what is the equivalent to his goods, and the labor spent in producing the goods, if this equivalent is expressed in

quasi-money whose value is also being determined by the political doers in an endless game of issuing "special purpose" loans and privileged rediscounts for distributors and buyers?

Here ends the producer's motivation to produce for the market or to increase or develop his productivity. Instead of increasing productivity, he will be compensated for his expenses incurred and lost income, to some extent, by the resulting higher prices due to the rarity of his goods on the market. There is no need for either expanding and improving farms or for investing in more intensive agricultural treatment of the land since this would only increase his expenses and risks, which are things the state does not accept. This is the only explanation for the tendencies over several decades to increase the number of farms on an ever-shrinking available agricultural surface (due to the extravagant state changes regarding the purpose of land usage), chopping up larger farms and plots to a level below which any economical benefits can be realized. This is why the farmer lost his interest in even using the available but limited irrigation systems, which put Yugoslavia, with its 2 percent of irrigated surfaces, at the bottom of the European scale a long time ago. And, this is only part of the story about the present sad condition of the crops.

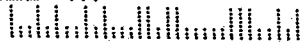
However, the state does not easily surrender its power and its system of resource distribution, its markets and income from the agricultural sector. It does not surrender the role of an illusionist planner, either. Not even when, with its measures, it cuts the thread of production and the free flow of commodities, and brings its people to the brink of misery and starvation. This is probably the "last line of defense" for an agricultural policy and system of agriculture without a market. But, this system, even when allowing change, as in the case of limiting private land, does it only when it must, and after it has done everything, the farmer's motivation for a market economy disappears, as does his motivation for expanding or improving his farm, and this is the situation now. This is similar to the war strategy of "burned land" so familiar to the government, seized in battle and lost in the same way....

Time is needed for life to start again on this land, and for life to take control.

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