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ALBANIA

Finnish Reporter's Impressions From Visit to Tirana

36170080 Helsinki HELSINGIN SANOMAT in Finnish
27, 30 Apr 89

[27 Apr p 35]

[Article by Jari Stromberg: "Albania Keeps Its Eyes and Ears Open. Radio and Television Programs From Neighboring Countries Can Be Received by Anyone. Nevertheless, Western Culture Is Not Imitated Openly on Tirana's Streets"]

[Text] "I did what I did before love came to town," the grand old man of blues, B.B. King, and the U2 ensemble bellow together with the singing soloist Bono in the afternoon program of Radiotelevisione Italiana (RAI).

The program can be heard almost without static on an ordinary AM radio. In practically every Albanian household there is a radio.

Formerly, Albania was interested in folk music and classical works, but now something different has come to town or to Albania: In addition to radio, the news can be heard from Italy, Greece, and Yugoslavia on television.

Italy's hodgepodge of a television world ranges all the way from children's songfests to striptease performances by housewives on the private channels. Italy is close, and the signal can be received about the same way that "Dallas" can in Tallinn.

In addition, Albanian television boosts RAI's signal during the Telegiorno news broadcasts. Greek television, which can be seen in the south, is said to be the most American in Europe, next to Finland's television.

Madonna Is Not Imitated

Belgrade's television transmits supplementary programs directly from sky channels, Music Television, and Super Channel. In the television lounge of a Tirana hotel, the American rock star Madonna's latest music video, "Like a Prayer," was playing.

On the streets of Tirana, Shkoder, and Durres, however, there are no throngs of teenaged Madonna copies or fans. Girls dress in pleated skirts that extend below the knees, or in straight pants, which may also be covered by black schoolgirl dresses that reach to midcalf level; makeup or heavy neck chains are not seen.

The Western models of youth culture do not seem to have a foothold. Young Albanian men fitted out in Levi jeans, loafers, and Giorgio Armani jackets do not swarm around young women casting eyes around for foreign clothes.

If there were a demand for this, it would certainly be visible in the Albanian street scene, too—a fact that can be demonstrated in any other socialist country.

But Albania is a different country. Vanity markets seem to fall flat right from the start, either because of the young people's sensibleness or strict comradely discipline.

There are no discotheques or nightclubs in Tirana; dances are held only on special occasions such as weddings.

Study and Music

What do young people do after school? Where do young workers meet each other and spend their free time?

"My first responsibility in the afternoon is to study," says Aurela Nito, a young woman in her first year at the university, studying English.

"But then I may read and listen to music at the same time." When Aurela is asked what kind of music she listens to, the reply comes in dribbles: "Classical and light music." More precisely? "Bach and Mozart."

What about light music? "Albanian popular music." What about foreign performers? "Julio Iglesias; Michael Jackson is too aggressive," Aurela says, smiling shyly.

Michael Jackson is not too hot for everyone; the singer and actress Manjola Nallbani names him as one of her favorites along with Tina Turner.

When Michael Jackson's name entered the conversation for the first time, the interpreter, who had denied that Western light music was in vogue in Albania, asked spontaneously: "Is it true that he has contracted AIDS, as is claimed?"

Hit for Enver

Manjola has sung classical music for 6 years and is just beginning to sing light music. "The song is dedicated to our dear leader Enver Hoxha and his life work," the interpreter says, while Manjola is recording her folk music style hit on tape in the studio of Radio Tirana.

Manjola is already a well-known figure in Albania because she has appeared in two films. She studies in the conservatory and intends to become a professional. Professional skill and temperament are the qualities that attract her, especially in Michael Jackson's songs.

Late at night in a park in the middle of Tirana, young men, who are playing the guitar and singing, grope for the Beatles and Bob Marley, but the majority of the songs are domestic Albanian hits.

Stressing Albanianness is a way for this small country living under the pressure of the Italian, Greek, Turkish,

and Yugoslav entertainment industries to maintain its own identity. The general response to the pressure of supranational culture is that Albanians do not know foreign languages and want to see movies, among other things, in Albanian.

About a fifth of the Albanian television schedule is from foreign countries. Among these programs are American films. The last big hit, however, was the French film "Three Men and a Cradle," which played in Finland, too.

Trend to Comedies

Viktor Gjika, the manager of an Albanian film studio, said that the trend in Albania's own movie production is toward comedy. According to Gjika, the comedies can even poke fun at the administration by making viewers laugh at the bureaucrats' greed, which seems to be a favorite theme.

Sexual discipline, on the other hand, remains strict in Albania; making love is still kept behind closed doors, and pornography is forbidden.

Radio Tirana sends three times as many programs abroad than it imports. There are broadcasts in over 20 languages. The subjects are "Growth of the Marxist-Leninist Movement's Strength Throughout the World," "Albania—A Country in Which True Socialism Has Been Implemented," "45 Years Under the Leadership of the Albanian Workers Party," and "Socialism and Young People."

Letters From the World

"We receive about 20,000 letters a year, which proves that people around the world listen to our broadcasts," Albanian Television's director for international relations Nazmi Qamili said. He did not mention whether the letter writers were fans or DX listeners with a hobby of hunting for different radio stations.

It may be that the stations in neighboring countries that transmit soap operas, soft porn, and music videos think the same thing about their viewers.

The roofs of the buildings in Tirana are covered by a real thicket of antennas. Almost every urban household has a television set. There are young people in nearly every family. And every evening, Michael Jackson's "aggressive music" rings out on Music Television.

[30 Apr p B3]

[Article by Jari Stromberg: "A Country Where Men Are Worshipped. Today's Albania Is Being Built While Still Remembering Comrade Enver Hoxha, but in Honor of Comrade Ramiz Alia"]

[Text] Soon a quarter of a million pairs of Albanian eyes will have seen Enver Hoxha's pocketknife. It is on display in the Enver Hoxha Museum, which is on Stalin

Boulevard in Tirana. Alongside the pocketknife, there is the wallet used by Hoxha. Next to the glass case exhibiting personal articles, a full-sized copy of the interior of his natal home has been built.

The life of the creator of present-day Albania and its former leader has been carefully preserved inside the marble walls of the museum. Hoxha's development is portrayed from birth to a young man, from a snobbishly dressed university student to a partisan and directly to an immaculate general, from a father figure of the people to a withdrawn bookworm, and, finally, to an old man suffering from vision problems and heart ailments.

The exhibit level of the mammoth building winds spirally around the walls from a height of four stories. The line of people moves from one object to another, from a series of slides to a video presentation, past the FIAT passenger car that Hoxha once used, the letters he sent his wife, and photographs of his family.

"His political life, which lasted 50 years, is the modern history of the Albanian people. This museum is a manifestation of the respect of the Albanian people for what this great man did for Albania," the guide said.

Hoxha, who died in April 1985, is buried in a martyrs' cemetery on a hill rising behind the house at the foot of a statue representing a massive Mother Albania looking out over Tirana.

The grave is marked by a modest, marble-bordered, flat stone slab; on the surface are engraved his name and the years of his life and, in the corner, a tiny flag. It does not look like a great man's grave on the same scale as Hoxha's position in the Albania of his lifetime and the present day would lead one to expect. The honor guard of two soldiers also seems somehow extraordinary.

"He was a very modest person and wanted a modest grave here among his comrades in arms," the guide who took people to the grave told the somewhat surprised visitors.

The modesty ends there. Mammoth Hoxha statues have risen here and there. The culmination of all this was the museum, which was opened last 14 November on Hoxha's 80th birthday. It is the most modern building in Tirana and all Albania, like a marble pyramid, which looks like an eagle when viewed from above; the double-headed eagle is the heraldic animal represented on Albania's flag. Very few people have the opportunity to enjoy the special shape of the building, since the building can be seen from above only on the Greek airline's flight to Athens, which passes over the museum.

Hoxha's imprint can be seen everywhere in Albania. His portrait and name decorate almost every even-some-what-large public building. His maxims and exhortations

goad on people alongside the roads. "Diligence is patriotism!" Many industrial plants are named in his honor, and his return is longed for in the words of hit songs.

Albania has not deviated from Hoxha's path, though Hoxha has already departed. Hoxha, in turn, did not deviate from the path of Josef Stalin, in accordance with whose teachings he adapted socialism for Albania.

Stalin is another man who is present in the everyday life of the tiny country, although more veiled. The main street in Tirana is named after Stalin, and his statue guides the workers of Tirana's textile plant toward the gates.

Ten years ago, in honor of Stalin's birthday, an illustrated book about him was published in Albania. In its foreword, Hoxha praises Stalin as a defender of Leninism. The book's second preface mentions him as a great thinker.

"J. V. Stalin's name and works are immortal. The attacks of bourgeois and revisionist enemies can never dim his historic achievements in the eyes of the Soviet people, the international proletariat, and the peoples of the world," it is stated in the book. The book is still on sale in a place of honor in the bookstores.

Albanians still talk about Stalin in a respectful tone. They do not understand the new assessment of Stalin's time in the West, and especially not in the Soviet Union. They say that what are involved are only the strivings of revisionist forces for power.

Stalin's time has again become the center of discussion in the Soviet Union, thanks to party leader Mikhail Gorbachev's policy of openness or glasnost. Albania has condemned glasnost and perestroika as outright capitalist rotteness.

Stalin's statue, which stood in Tirana's central square, however, had to make way for another great man on the side of the boulevard. In Stalin's place, there is now George Kastrioti Skanderbeg, Albania's national hero, who has given his name not only to various places but also to a local brandy. The country's personality cult has gained a historical background from the military leader who united the Albanian tribes and successfully repelled the attacks of the Ottomans. Albania has been a country of strong leaders and men of vision.

At the moment, Albania is ruled by Ramiz Alia, a man for whom statues have not yet been erected. His portrait, too, is not seen except on the walls of buildings, if one is lucky.

Alia understands, however, the basic principle of any politician: One must be visible. And Alia is visible but, as yet, still primarily as a name. This was helped by the 9th Party Congress of the Albanian Workers Party in 1986. Following the congress, Alia's report, in the spirit of which present day Albania is being built, was published.

Construction sites are springing up "in honor of Comrade Ramiz Alia." Similarly, Alia's name is beginning to be found at the end of slogans. The newspapers and television report Alia's every word, thought, and step.

The most valuable picture showing Alia is on the wall of the Enver Hoxha Museum. In it, the teenaged partisan Ramiz Alia is standing next to Hoxha.

HUNGARY

Interior Minister Says Police Force Intimidated, 'Very Tense'

25000323 Budapest *MAGYARORSZAG* in Hungarian
9 Jun 89 p 24

[Interview with Istvan Horvath, minister of the Interior, by Eva Bedecs: "Internal Affairs"; date and place not given]

[Text] Whether you like it or not, we are living in historic times. It is not easy for anyone to stand fast at his post. The sequence of events has accelerated, time and tolerance are running out, and if things don't go the way they should—and in these days where do things go the way they should?—the impatient word is soon to be heard: bring in a new person!

Perhaps the job of ministers is most difficult. A thousand constraints hinder the success of their work, and their fiascos are perhaps spectacular.

In our interview we discussed the difficulties of the Ministry of Interior with Minister of the Interior Istvan Horvath.

[*MAGYARORSZAG*] No doubt, in recent months policemen had bad luck. The populace is nervous, it protests the apparent, increasingly frequent police brutality. A few weeks ago for example, *FIDESZ* members protested by way of a sitdown strike in front of the Ministry of Interior and demanded that the Minister resign. What's your view in this regard? Do you perhaps intend to resign your position?

[Horvath] Coarseness manifested by the police! What are you saying! Aren't there bad apples among journalists? One must not generalize this way! Incidentally, I have never been, and today I am even less of a power maniac. I was not born to be a minister, and I know that this is not a perpetual office. It's good that it's this way. How a person judges me is a matter of opinion, perhaps of personal taste. For this reason I do not regard your question as offensive. On the other hand I find it natural, and in today's excited atmosphere I find it particularly important that the minister of interior in Hungary should be a person enjoying the nation's confidence.

They must trust him, because they must be assured that in that post the people's interests are served, and that he is not acting against the people's interests. Incidentally, I find that in Parliament, where I was elected, and in the MSZMP where my nomination was initiated, a majority of the already functioning new political organizations, and a large part of the press, have confidence in me. I consider this important, even though I know that not everyone applauds me and perhaps some would like to see someone else occupying my post. But I do not endeavor to be liked by everyone. One must recognize that in today's political arena there are some who criticize me, moreover I also have opponents. Among these there emerged FIDESZ, and it would not be beneficial to adopt their extreme arrogance as a debating style. Demonstrations are part of today's public life, and any support or protest expressed by such demonstrations deserves attention. I believe, however, that demonstrations alone do not provide solutions for the country's, society's, the people's troubles. I am not in despair because a few persons demand my resignation. On the other hand, I would know what my duty was if loss of confidence in me became a national phenomenon. Accordingly, at this moment I am not preparing to resign. Instead I am preparing to perform my work.

Restive Policemen

[MAGYARORSZAG] To what factor do you attribute the restive mood, and the drastic behavior of policemen? After all, the population would expect primarily protection, not harm from the police. It is possible that in the olden days the situation was no different, except then it was not proper to talk about it because the issue was considered taboo.

[Horvath] There are several manifestations which, although they may benefit us, may be regarded as unusual in the country's political life today. And then there are accompanying phenomena too—impatience, many kinds of emotions—which on certain occasions would be suitable to make policemen feel harassed. Let's not forget that for many long years the country has enjoyed stability, calm and social peace. There were times when we felt that there was a foundation for this calm, but later on this became a mere semblance. For a long time the country persuaded itself that by making small improvements it could get over its economic problems. In the end, however, the delay in political and economic structural change brought about today's situation, at which point the mistakes of the past must be paid for. The populace is restive and policemen too are more restive. I can understand this restlessness, and I and my colleagues, the leaders of the police, are preoccupied with this situation. This is so because it is a fundamental requirement in the Ministry of Interior to have a police force whose members obey the law, and never violate any kind of rule! If, however, we find extreme cases, such as those publicized by the press in recent months, this matter will come as a shock to the

leaders of the police and will be condemned by them. If warranted, an exemplary punishment will follow.

[MAGYARORSZAG] For what reason do policemen condemned for their illegal coarseness continue to serve, even though they were punished?

[Horvath] The weight of police action which is contrary to rules—or let's say, coarse—is not uniform. In my view the degree of culpability varies from case to case. Accordingly the method and degree of punishment also varies. In addition, condemned policemen do not continue to serve in every instance. For example in the oft-cited cases of Tiszafured and Varpalota the heads of police dismissed the culprit in advance of court proceedings. The facts of the Pesterzsebet case were uncertain in the framework of disciplinary proceedings, and in this case—in my judgment too—the issue of responsibility could be clarified only in the course of judicial proceedings. But let me note here: let's not forget about the other side of the coin. It is possible that part of the populace is restive because of irregular conduct manifested by the police. Another part of the populace, however, is restive because the constant practice of holding policemen accountable may make policemen feel uncertain about themselves—those, who on the basis of 'its better to have peace' would avoid taking action even if there was a need to act.

[MAGYARORSZAG] The military prosecutor's office which adjudicates cases involving policemen at fault. According to you, one may consider that office as unbiased, as long as the division director of the prosecutor's office in the Ministry of the Interior is not appointed by the Minister of the Interior. Is this correct?

[Horvath] Only one of the two statements contained in your question is true, namely that it is the military prosecutor's office which adjudicates cases involving policemen at fault. You erred, however, in regard to the other matter, because I am not the one who appoints the head of the military prosecutor's division in the Ministry of the Interior. That person is appointed by the Supreme State Prosecutor. My authority pertains only to his rank.

[MAGYARORSZAG] From the standpoint of domestic politics the atmosphere contains more and more "gunpowder." How do you see the situation? Are citizens rightfully concerned? In your view, is the present force of the Ministry of the Interior in reality sufficient to maintain order?

[Horvath] I accept the word "gunpowder" as an adjective. But let us not provoke such a mood. Although in my view there is no such threatening menace, it is the job of every responsible politician, including the Minister of the Interior, to prevent the actual presence of gunpowder. For this reason we are seeking solutions for reconciliation, for the resolution of problems, which can be applied at the negotiating table. As they say: it is our

endeavor that the weapon of criticism serve as a substitute for the criticism of weapons. In addition I believe that a social order which can be maintained only by weapons, police, an army—in other words, only through the power of violence—is not good. The goal is to hold society together by virtue of more noble means. At the same time, however, the police must be capable of functioning. In my judgment the present police force is suitable to perform this task, in other words: to maintain order, and to secure the conditions of public security for the activities of various political, social and autonomous organs, as well as of the individual.

300 Million Hungarian Forints Less

[MAGYARORSZAG] In its latest budget package the cabinet significantly reduced funding for armed bodies, including the Ministry of the Interior. To what extent, and in which areas do you intend to "tighten the belt"?

[Horvath] The original 1989 budget proposed by Parliament would have allocated 22.5 billion forints to the Ministry of the Interior. In the course of the present changes made by Parliament this amount was reduced by 375 million forints. With increased savings we will be able work with this amount by surrendering certain investments and by postponing certain planned constructions and renewals. The strength of the force will remain unchanged.

[MAGYARORSZAG] The MSZMP executive secretary once mentioned that the Ministry of the Interior must not become a field for political battles. Would the police be able to hire only persons outside the party in case a multiparty system materializes?

[Horvath] One could say that I was the initiator and promoter of this idea. In my view it is also important that we spare the body [protective of] state and public security from political party battles. It should not be permitted that this body is exposed to the fluctuating conditions of strength among parties. The police is an armed force which serves to defend not a party, but an entire nation, an entire country. It should be subordinated to the Hungarian state, to constitutional order, and to laws, and not to the parties. Just how this can be accomplished is still the subject of debate. A variety of solutions can also be found at the international level. There are countries where policemen cannot be members of any party. In other places a policeman may be a party member, but within the police there can be no party organization.

Educational Level

[MAGYARORSZAG] What kind of educational background is required in order to apply for police work?

[Horvath] Completion of grade school is a minimum requirement. But a large portion of recent recruits have graduated from high school. After that there are 10 months of professional training, followed by another

10-month training period before one becomes a police ensign. This would be the requirement. But unfortunately, most of those serving are left out of this. Teaching tolerance and polite conduct is part of training, but this is not an easy matter, because each situation in which the policeman must make an appropriate decision within moments is different.

[MAGYARORSZAG] There was a situation—no denying—in which the Hungarian police received an outstanding grade in tolerance. For example on 15 March of this year, when a crowd of several hundred thousand people were celebrating in the streets, the police wore ribbons with the national colors and marched with the crowd without an incident. The day when Imre Nagy is buried—16 June—is approaching. Once again a crowd is expected on the streets. What kind of instructions did the police receive for this occasion?

[Horvath] You will be disappointed if you expect me to report some special measures. We are not doing such things. Just like on 15 March, on 16 June the police will be assigned fundamental transportation and traffic tasks. From the beginning, the organizers are responsible for the order of the occasion, and they are preparing for that. Once again it is expected that large crowds will be in the streets, and the maintenance of public order and public safety is a fundamental, justified expectation by citizens. We are prepared to do this in every case, and thus also in this case. Accordingly, if the organizers so desire, it is the duty of the police to render assistance in the interest of the participants, the populace. I will emphasize once again, however, that although one must count on such a possibility, this is not our starting point, and we expect police presence on the streets to be similar to 15 March. I sincerely hope that the intentions of the funeral organizers, and of those who participate in the ceremonial act, will materialize in the declared manner. Statements made thus far clearly prove that it will be so.

Roundtable Discusses Role of Pluralism in Foreign Policy

25000280 Budapest *MAGYAR NEMZET* in Hungarian
31 May 89 p 8

[Roundtable discussion with Csaba Tabajdi, MSZMP CC international party relations deputy director; Jozsef Benji, deputy foreign minister; Rudolf Joo, Hungarian Democratic Forum spokesman; Miklos Szabo, historian and member of the Association of Free Democrats; and Janos Tisovszky, moderator: "The Most Important Value of Open Diplomacy Is the Democratization of International Relations"; date and place not given]

[Text] To what extent could diplomacy be public? Could the foreign service apparatus be exposed to party strife? Could the threat of a Fifth Column emerge? We sought answers to these and similar questions in the course of examining the relationship between foreign policy decisionmaking and pluralism.

The Foreign Ministry was represented by deputy minister Jozsef Benyi. On behalf of the MSZMP [Hungarian Socialist Worker's Party], Csaba Tabajdi, deputy director for international party relations, participated. The Hungarian Democratic Forum [MDF] and the Association of Free Democrats [SZDSZ] were represented by Rudolf Joo and historian Miklos Szabo respectively.

[Tabajdi] The acceleration of Hungarian domestic policy events also contains a peculiar contradiction regarding the foreign policy arena in which we began to separate the party and state quite some time ago. What we have done, however, "renders foreign policy pluralistic only in the framework of the single-party system." According to classic Western formula however, the transition to an actual multiparty system means that foreign policy too is determined by the elected ruling parties. Thus, here we find two clashing sets of logic. For the time being, this contradiction may be resolved by the intensive flow of information from the Foreign Ministry to the MSZMP and the rest of the parties.

In my view, the first and most difficult issue facing transition from the practice of a party state diplomacy to the diplomacy of pluralism is rethinking the public character of diplomacy. Hungarian public opinion no longer accepts lectures about friendship and brotherhood. Instead it demands specific arguments along with individual systems of relationships. Accordingly, on the one hand we must talk more about our foreign policy goals through the channels of public opinion. On the other hand, it would be contrary to our national interests if we were to chatter about certain matters in advance. Moreover, there are things which must be performed through diplomacy, rather than talked about. In order to accomplish this we would have to establish a system of informal channels in the framework of domestic politics for the flow of information and for the reconciliation of interests. Keeping secrets, however, is not the same as being secretive. As of today, we are unable to resolve this dilemma, even though there is an indispensable need for it. We are not only talking about building a people's diplomacy. Other parties have appeared, and they too have begun to build their international relations. Thus, in order to prepare ourselves for the multiparty system we must also think through the above-mentioned informal informational channels.

[Benyi] Indeed, by now it has undoubtedly become characteristic, and tomorrow it will be even more so, that the framework for international contact has broadened. Undoubtedly, in Hungary the process of broadening has been accelerated by the evolution of the multiparty system. In this way the various Hungarian parties, movements, and social organizations will play an important role in defending Hungary's interests along with the government's foreign affairs activities. All of this suggests a natural need for the Foreign Ministry to maintain continuous liaison with these parties and movements already at this stage in the period of transition. Obviously, this period of transition will last until the elections, until the adoption of the

new constitution. Since new foreign relations will evolve together with these, a new political, legal, and state administrative framework will emerge, and with it the principles of rules which we are working on today. At the same time, negotiations have been taking place for several months now between the Foreign Ministry on the one hand, and the various parties and movements on the other.

We Represent the Nation's Will With Regard to Foreign Policy

[Benyi] Not only do we provide information, we also express our views and report our intentions. And at our last meeting we not only exchanged views concerning past events, we also listened to the representatives of parties and movements, and thus we made joint preparations for the Paris meeting on human rights. Quite naturally our dialogue may also assume other forms. For example, we suggested that we establish joint working committees, and we are trying to establish unified views with regard to the basic principles of Hungarian foreign policy, about the Warsaw Pact, CEMA, neutrality and all other matters. In other words, within this colorful system of relationships we wish to share our knowledge. We also find this to be the best way to influence these groups. I, too, believe that our activities were previously shrouded by secretiveness and myths. We would like to make further advances in the openness of our foreign policy. Actually, by now it is our intention to represent the nation's will in terms of foreign policy. For this reason our dialogue is not a one-way street. There may be significant differences of opinion regarding our internal affairs; at the same time, however, it is clear that we have much common ground in viewing our external interests.

[Szabo] In the framework of foreign policy decisionmaking, pluralism manifests itself at present primarily in the fact that our international relations are subject to criticism through independent publicity—in the opposition press. In the course of past years several aspects of ideology and economic policy gradually became the subjects of permissible criticism, nevertheless, foreign policy remained among those areas which were most stringently excluded from being criticized. Foreign policy was a state monopoly, in which an external factor could not get involved even by way of indirect hint. Accordingly, rendering foreign policy subject to criticism represents an essential step in the direction of political pluralism, toward full political democracy. In the near future the influence exerted by pluralism upon foreign policy decisions will be a peculiar ensemble of consensus on the one hand, and differences of opinion presented in mutual press critique on the other hand. Insofar as the opposition is concerned, this will mean open and clear support in fields where there is a consensus, discrete and tactful distancing from issues pertaining to the system of alliances, and open, outspoken criticism in other matters.

[Joo] I have problems with the heading given to our conversation. Considering today's situation I would

have found it more appropriate and closer to reality had we used a title which asked the question of how internal pluralism in general relates to issues involving international relations. Because of the monolithic political system of the past decades, the term "decisionmaking" is registered in public consciousness—for good reason—as the overwhelming manifestation of state government power. At the same time, alternative organizations, currently preliminary party formations, do not take part in any governmental decisionmaking at all, and to these organizations—or at least insofar as the MDF [Hungarian Democratic Forum] is concerned—the issue of sharing power has not even occurred. Not a single governmental action, including foreign policy, may be excluded from democratic societal control and critique. It is precisely this role, the ability to exert critical pressure, which I believe to be the sole path for us in today's situation, in addition to independent national representation and the international manifestation of our own interests and values. We are excluded from exercising power, therefore one cannot talk about participation in state decisionmaking, and even less about responsibility. We bear responsibility only insofar as our own, at present rather modest, international activities. Nevertheless, by now the weight of these activities is sufficiently large to make us examine whether there can be common grounds with governmental foreign policy, and if so where those common grounds are. I too feel that the series of informational meetings initiated by the Foreign Ministry for the benefit of independent political organizations is useful for finding answers to these questions. It is fully understandable that in the course of providing information the government observes state secrets. In our future endeavors to achieve mutual information exchange, we too will obviously take into consideration the interests represented by movements and parties.

[Tabajdi] It is also in the interest of the MSZMP that the building of relationships does not take place to the detriment of our party. I will note, however, that we cannot achieve this through "jealousy," by obstructing the international relations of the rest of the political forces, but by securing respect and international prestige based on the MSZMP's successful policies which provide initiatives.

I would like to stress that, insofar as the direct international relations of "other" parties are concerned, it is in our national interest that these parties have foreign policy and international experience. Thus, I view this building of relationships not only as possible, but also as desirable, because this kind of activity will contribute to their ability to acquire international experience, to the evolution of their "clear outlook on the world," and to an awareness of Hungary's actual possibilities and limitations in the international scene. Undoubtedly, the fact that they do not have foreign policy and international experience is not their fault. It is a result of the Stalinist political structure, of the power monopoly that has existed thus far.

It is not only in the "other" parties' interest, but also in the national interest for these organizations to build such international relations, and to acquire the needed experience and knowledge.

[Joo] As of today we are at the very beginning of something: the basic organizations and mechanisms needed for Hungary to conduct pluralistic foreign relations do not exist. So, in these days I can describe one of the starting points of our internal and external strategies only in terms of a general desire: it would be good to settle a large portion of our controversies at home through public debate, according to the democratic rules of competition, and it would be good if we took the least possible amount of our domestic political dirty laundry to external forums.

[MAGYAR NEMZET] Yes, I would be interested to know primarily how the SZDSZ and the MDF view the possibility of settling internal debates, the issue of responsibility already deemed important by everyone, and the oft-emphasized consensus on mutual interests.

[Szabo] As an historian I would like to refer to examples provided earlier by some other countries. In England, for instance, ever since the Victorian age democratic conditions have been characterized by the existence of a far-reaching consensus among the various, even opposing parties—the ruling party and the opposition parties—with regard to foreign policy, colonial policy, and military policy. Regarding the maintenance of the colonial empire and England's position as a great power, the same policy appeared appropriate and desirable to every factor in England's pluralistic political system of that age. This tacit agreement manifested itself in the fact that the conduct of foreign policy was outside the pale of party politics. Foreign Ministry officialdom, the diplomatic corps, consisted of a professional apparatus left unaffected by cabinet changes. Politicians from the ruling party were appointed as minister and as political state secretaries to head the ministry; below that level the foreign affairs apparatus and the diplomatic corps remained intact. The situation in the Weimar Republic that existed in Germany during the 1920's was completely different. There, opposition foreign policy orientations battled each other.

Insofar as earlier practice in Hungary is concerned, between the two wars there was full consensus among all political forces regarding the most important political issue: revision of the Trianon Peace Treaty, and regaining the detached areas inhabited by Hungarians. Everyone viewed these as the chief tasks of Hungarian foreign policy. After 1933 however, there was sharp conflict between those advocating a German or a British foreign policy orientation within the top echelon of the ruling party, official Hungarian foreign policy, and in general, among the definitive forces of Hungarian politics of those days.

In the present situation, one may assume that there will be a tightly knit consensus and cooperation among all ruling party and opposition forces with regard to the situation of Hungarians residing beyond our borders. This will represent a joint task of large proportion, which will provide the main content of Hungarian foreign policy, and within which we may expect close cooperation of rather diverse political forces, including coordination and harmonization of activities. There will be no such unity on issues concerning the Warsaw Pact and neutrality, and perhaps with respect to such issues as the recognition or nonrecognition of the Palestinian state. These issues may also lead to public arguments and to the clashing of opposing views.

[Joo] Even in terms of foreign policy, I regard positive changes in domestic conditions as the controlling factor. If a rapid, fundamental democratic transformation with no violence takes place in Hungary, we have a chance that the complementing feature of Hungary's external relations will gain strength even in the medium term, rather than clash and opposition. There certainly will be issues in which the viewpoints of the existing or evolving political forces will come close to each other or will be the same, but there will be others in which different or opposing views will be advocated. In theory, it is simply impossible to envision the chance of achieving consensus: it could evolve around the concept of national interest, and could then become reality by virtue of a successive and complementary presence in international relations. All this, however, becomes more complicated if we consider how many perceptions there are in a pluralistic society as to what constitutes national interest.

Where Party Cadres Are Dumped

[MAGYAR NEMZET] I feel that we cannot avoid dealing with the issue of the foreign service apparatus, the activities of the Foreign Ministry, which are of key importance in achieving consensus. Miklos Szabo made reference to this, and in this regard foreign practice may provide a number of useful ideas.

[Szabo] Yes. I have mentioned the British model previously, and I feel that in today's situation, from the standpoint of the apparatus which directs foreign policy, the British model would be most desirable. In other words, a professional foreign affairs apparatus and a professional diplomatic corps which do not follow the political pendulum, even if democratic conditions are established and take hold, are most desirable. We should have a professional foreign affairs apparatus and diplomatic corps which are available to governments ruled by "any party," and which can at the same time politically enforce continuity in the management of foreign policy problems which enjoy the consensual approval of the main political forces.

[Joo] It is very important to know where in this process the foreign service apparatus and diplomacy are positioned. We are talking about an independent profession

which requires broad knowledge and a multitude of aptitudes. In a pluralistic society this profession must be judged on the basis of the value it can produce within this specialized field. The democratic control and the professional independence of this activity must be ensured at the same time. It is therefore my belief that the Foreign Ministry must not become the executive institution of the party apparatus, the place where party cadres are dumped, as has happened in the past. And it should not be political, not even in the sense that foreign affairs work is marked by party struggles and party strife, because such matters have never served to help any diplomatic corps.

[Tabajdi] Let's not make a phantom out of this dumping ground for party cadres. It would be useful to look at this matter in terms of percentages, just how the ratio of professional diplomats compares to party cadres. It would turn out that in every instance the ratio of party cadres represents only a negligible fraction. In addition, it is not worth bringing up this subject because under a multiparty system all this will function according to a completely different logic. Nevertheless, I agree with Rudolf Joo to the extent that the Foreign Ministry should not be exposed to party strife. This is truly a profession which requires knowledge.

[Benyi] I too consider it as very important that the personnel of the Foreign Ministry not depend on the evolution of domestic policy. Indeed, experience means a lot in this trade. It is possible to choose the practice followed in several countries, where Foreign Ministry personnel remain essentially unchanged, and in given situations only the political leadership changes. Quite naturally, in times of coalition the ambassadors representing the country will be appointed on the basis of agreements between the parties, and jointly with the [Parliament's] foreign relations committee. It is particularly important not to have a gap in, or a "dismantling" of, diplomatic work lasting for several years.

I would like to report here that Hungarian embassies were instructed to render assistance to travelers abroad and to representatives of various [emigre] movements and parties until negotiations here are put into a framework of party policy. [as published] This, too, is consistent with practices followed by other countries.

[Szabo] As I said, I too agree that the specialized foreign service apparatus must not become an arena for party struggles. Insofar as foreign policy is concerned, the political will must be defined by Parliament. The role of the foreign relations committee increases particularly under a multiparty system. The view which holds that within a coalition the various parties forming the coalition would hold different views on various foreign policy issues is somewhat reminiscent of the coalition days of 1945-48 when there was no opposition, and thus every clash in the field of foreign policy took place within the coalition government. In places where there is opposition, the foreign policy of coalition parties must be more

harmonized, and must be pursued in closer harmony than domestic policies. According to Csaba Tabajdi, the present fledgling parties and alternative organizations are providing an expanded transmission of harmonized foreign policy perceptions....

[Tabajdi] I did not say that....

[Szabo] Okay, then I'll rephrase what I said: that they endeavor to advance the country's foreign policy. In this regard, however, there may emerge the threat of a Fifth Column: these organizations should not orient themselves toward external support for the achievement of their domestic policy goals. Whether this takes place depends upon how strong these organizations are, particularly if they are in the opposition, and on the magnitude of their fear that as weak factors they can be subjected to strong pressure. When this situation becomes clear—and it should become clear as a result of elections which will help a lot in this regard—the threat of a Fifth Column diminishes.

[Tabajdi] I did not use the concept "transmission." I tried to convey the sense that an opposition party could also contribute to enhancing the country with its own activities of building relationships, as long as the opposition is constructive. Insofar as the Fifth Column is concerned, I view this assumption as groundless. On the other hand I do insist on one matter, in which a thousand years of Hungarian history supports me. This matter is independence, in other words the management of our affairs in such a way that outside powers do not interfere a lot. This factor is important to me and should serve as a barrier in the competition between parties.

[Joo] Organizations with very different ideological foundations may agree on the traditional, general meaning of the term "national sovereignty." Any party which fails to commit itself to fundamental goals such as the defense of the country's independence and its territorial sovereignty, and the strengthening of the country's international prestige, rules itself out as a national political force. But in their mundane interpretation and appearance these values may contain obvious differences. For this reason we cannot avoid debating in Hungary, "here and now," such issues as the relationship between national interest on the one hand, and party interest emerging at the international level on the other. It also seems that in the democratic and modern meaning of the term "national sovereignty" we are at the beginning of the learning process, particularly if we consider the chances of European integration. In this regard we may learn from the cooperation of Western European parties within and outside of the European Parliament.

Preserving Our National Profile

[Tabajdi] I am not sure that we are so much at the beginning of interpreting "national sovereignty." The example mentioned by Rudolf Joo appears to be good for a certain type of consultation. These international

organizations, however, do not require the assumption of particular obligations. We can learn more, by far, from the decisionmaking mechanisms of the European Communities and of NATO, because this is the one that is more exciting from our viewpoint in defining national interest [sentence as published]. For example, the question of how countries like Denmark and Holland—as well as others—are able to preserve their peculiar national profiles in a world which is in the process of integrating is particularly important to us.

[Benyi] The post World War II situation serves as proof that very many small countries sought protection of their national interests in the framework of alliances. And this of course under no circumstances means the surrender of national identity and independence. Thus the Foreign Ministry with the aforementioned talks wanted to reinforce its intent to follow the path which has become the practice in the last few years, namely that Hungarian foreign policy decisions are made in Budapest. We need the intellectual potential our partners can provide to help in our foreign affairs work. We have only one request of the various parties and movements, and this applies to us too. Together, we should respect international and domestic realities, and let us seek Hungary's foreign policy path within the framework of these realities. And hereafter the fundamental principles of foreign policy will be determined by the ruling party or parties. The essence of the change is that the daily implementation of foreign policy will not be the business of the party. It will be the business of the cabinet.

[Tabajdi] This is a very important matter. On the part of the MSZMP I would emphasize that I do not at all feel that the competitive situation is bad, although I will note that such a competitive situation did not begin with the organizations that have recently come into being. It has been going on for years, as party and state foreign policy have gradually become separated. In the past years, an extremely serious renewal of Hungarian foreign policy took place. This is also confirmed by the programs of other parties. But now the number of competitors has increased. If the dynamics experienced thus far continue, it is in this area that we can best achieve some kind of a national compromise. Not necessarily with all the existing forces, because obviously there will be some who will not partake in accepting a compromise.

I believe that it would be of great help if we could discuss differences of opinion in a tolerant atmosphere, even though differences of opinion will obviously remain. They must remain. This is important because, for instance, under a multiparty system the MDF as the parliamentary opposition—let's say—would represent a far more pronounced Transylvania policy than the cabinet. Insofar as we are concerned, we are studying the MDF and the SZDSZ foreign policy program platforms because, in addition to the competitive situation, this provides an opportunity to learn. Based upon the program contents we understand that there is a possibility for cooperation, even with the SZDSZ, the organization

which declares that it does not wish to cooperate with the MSZMP. Their perceptions are somewhat more distant from ours, but they are by all means within the realm of reality, even with regard to matters like leaving the Warsaw Pact. Although as an opposition grouping they could have taken a "vote getting" position regarding this issue, this would hinder the internal processes and would by all means cause serious damage.

Will the Elections Upset Understanding

[MAGYAR NEMZET] While I remain with the idea of vote getting, I would like to ask this in conclusion: is it conceivable that the evolving consensus will be upset precisely in the course of the election struggle, and that diverse views on foreign policy will gain greater ground?

[Tabajdi] I hope not, although there certainly will be differences of opinion. But it would not help the country if parties fought their battles in the field of foreign policy.

[Benyi] There are significant differences in long term perceptions—I will mention parenthetically the issue of neutrality—but I believe that a common denominator can more or less be found in the tasks of the near future.

[Szabo] I too believe that there will be no great foreign policy battles. Inasmuch as I can judge the program and activities of organizations that have come into being thus far, it is likely that foreign policy problems will not come to the forefront in the course of election battles; perhaps these problems will not even be brought up.

[Joo] I also believe that neither Hungary's present situation nor the election experiences of democratic countries suggest that one should expect foreign policy issues to dominate domestic policies in the course of such an event. All this, of course, does not mean that we could detach ourselves from international factors, and there certainly will be differences of opinion regarding this. In my view it is of the essence that something new, something nonexistent thus far has begun in Hungary, even in Hungary's international relations. Chances for the evolution of an actual competitive situation and for real pluralism have increased, and this is substantially different from the perception held thus far, the one that was sometimes called social diplomacy, at other times people's diplomacy.

[Tabajdi] I too would like to stress that I view the present democratization process as more than the mere evolution of a multiparty system. It would be impermissible to change the foreign policy practice pursued thus far only to the extent that in the future not one party, but several parties chart the main directions of Hungary's international activities—above the people's heads nevertheless. In my view the greatest value produced by pluralism is the democratization of the maintenance of international relations, in the course of which institutions, firms as well as private persons, may establish more intensive

relationships with the outside world. This represents the casting of international relations at the level of society, the evolution of a real people's diplomacy, and contact between the civil societies of various countries. The particularly important tasks and promising significance of this social diplomacy are to bring about cooperation at the enterprise level, in external economics, and to maintain relations with Hungarian nationalities in neighboring countries and with Hungarians in the West. Providing some kind of orientation to this civil social diplomacy is at least as important as bringing about a national compromise among the several parties in the foreign policy field.

POLAND

New Church-State Accords Viewed, Praised
26000509a Warsaw TRYBUNA LUDU in Polish
2 May 89 p 4

[Article by Marek Jaworski: "Tolerance and Clauses: The Church and the State on a New Road"]

[Text] The commencement of the Sejm debate on the draft plans of three laws: "On the Attitude of the State Toward the Catholic Church in the Polish People's Republic," "On the Guarantees of Freedom of Conscience and Religious Belief," as well as "On Social Security for Clergymen" opened up the final stage of the lasting normalization of relations between churches and religious associations operating in Poland, and the state. These laws will be supplemented with two other legal acts which are to be finalized in the immediate future, i.e., the Convention with the Apostolic See and the agreement between the PRL and the Conference of Bishops regarding Pontifical institutions of higher learning.

Finding solutions to the entire package of issues, which all of these acts embody, will be without exaggeration an event of historical significance for all citizens of our country—those professing some kind of belief as well as nonbelievers, and one that will eliminate the sources and the battlefields of numerous conflicts in the relations between the Church and the state, and to an extent, the life of society. As is well-known, the road to this solution was not easy. It led through trying negotiations lasting many years between the parties concerned in order to find itself currently in the final stage. Therefore, it is well-worth devoting attention to this.

After 37 Years

Of the three legal documents, that are currently in the hands of the Sejm, two are fundamental in nature because they apply either to all citizens or to the clergy of all faiths. Above all, the law regarding guarantees of freedom of conscience and religion has a sweeping range detailing what kinds of civil rights and freedoms follow from this principle as well as from various international conventions and agreements signed by Poland, such as,

the Human Rights General Declaration, the International Pact on Civil and Political Rights, the KBWE [Conference on Security and Cooperation in Europe] Final Acts or the UN Declaration regarding the elimination of all forms of intolerance or discrimination because of religious beliefs or personal convictions. The law on social security for the clergy also has universal traits. It includes clergy of all faiths in its resolutions. The third law, admittedly, concerns only the Catholic Church but is awaited by public opinion with the greatest interest because of the church's dominating position in Poland and the fact that serious conflicts and friction occurred in the past in relations with it. What's more, the expansion provided in this law of the powers and rights enjoyed by the church thus far is automatically extended to also include other churches and religious associations. Let us, therefore, start with this law.

The PRL Constitution, ratified in 1952, promised the normalization of the overall legal situation of the church by way of a legal act. However, for the next 37 years such was not the case. Only some aspects of its [the church's] activity were actually normalized and this, not always in the best possible way, saddled with political considerations of the moment. The filling in of this gap, as evidenced in practice, became an urgent necessity. And so, from the beginning of the 1980's concrete dialogue on this subject was established between the church and the state within special teams appointed by the Joint Commission of Representatives of the State and the Episcopate. Since the end of 1987, this dialogue has gathered new momentum.

In work in this area, the premise of a two-part legal normalization of the Catholic Church in Poland was adopted leaving certain matters belonging to the sphere of the Apostolic See for regulation by the Convention between Poland and the Vatican. The draft plan of this Convention is already in its final stage. On the other hand, the law will regulate in a comprehensive manner the situation of the church within our country.

Principles and Details

It is impossible to conduct an analysis here of this legal act—undoubtedly, the reader will find it more interesting if we point out those points of the law that expand the current powers and rights of the church. This pertains, among other things, to:

- the conducting of religious worship, also outside of the church, without applying for or obtaining permission;
- restoring the Feast of the Blessed Virgin Mary (15 August) as a day free from work and stipulating that any changes in work-free days falling on Catholic holy days will in the future require the consent of the Conference of the Episcopate of Poland;

- equal social rights for workers studying at theological seminaries with those of workers and students in state-run institutions of higher learning;
- taking our church organizations from under the law on associations and authorizing church authorities to exercise control over Catholic organizations subject to this law;
- the total exemption from lease charges for the use of state lands turned over to charitable-care facilities and religious instruction centers;
- authorization to create a Polish Caritas and a diocesan Caritas [charitable organizations];
- expanding the broadcast of Holy Mass to television and the right to transmit by radio and TV the church's own religious-moral and cultural programs;
- the right to open up the church's own radio and television stations;
- the right to open up and manage, without the necessity of obtaining permission, theatres, cinemas and film studios as well as libraries.

The law will finally regulate, in a manner undoubtedly beneficial to the church, the entire complex of church property and assets related issues. It is worth calling attention here to one point, which raised during the Sejm debate by Deputy Eugeniusz Czykwin from the UChS, appears to be controversial. This involves former Uniate [pounickie] property (Greek Catholic) which is to become the property of the Catholic Church. In light of the historical circumstances which at one time accompanied the establishment of the Uniate Church, the Orthodox community in Poland feels wronged by this decision.

The law regarding the attitude of the state toward the Catholic Church is very specific and even detailed—something which the deputies debating over it in the Sejm have noticed. This is good because the plane of possible friction has been reduced in this way to a minimum. In any case, a wealth of substantial topics is frequently contained in the specific resolutions—something which was emphatically expressed in the deputies' discussion. For example, the importance of regulations enabling the church to take up a wide-scale charitable-care campaign or that of the statement that schoolwork and religious instruction will become correlated so as not to interfere with each other was stressed.

Equal to Each Other

A new chapter has been opened in the relationship between the Catholic Church and the state. It is, undoubtedly, better than the preceding chapters. A separate law on social security for the clergy, which will

encompass approximately 62,000 persons, will also contribute to this. It guarantees for the clergy not only medical care but also annuities and pensions. This is the last significant social group which has not had this benefit made available to it.

The law regarding the guarantees of freedom of conscience and religious belief, prepared with the participation of the representatives of the Polish Ecumenical Council, confirms the equality of all religious beliefs before the law and the equality of all citizens regardless of their religious or philosophical affiliation. It recognizes the indivisibility of the principle of freedom of conscience and guarantees realistic rights and liberties within this sphere to every citizen. It proclaims that citizens may establish churches and religious associations, propagate their religion or refuse to reveal their views on the subject of religion, raise children according to their convictions, maintain contact with their fellow worshippers and form secular organizations. It respects all international conventions on this subject and even goes further by, for example, assuring the same rights to foreigners and the stateless as to Polish citizens.

The regulating of the right to religious practices and to the possession of articles of worship by persons fulfilling military duty, staying in hospitals or social welfare homes and in penal, correctional and educational institutions as well as in investigative detention also deserves attention. The law provides, moreover—something that is new—the legal regulation of the observance of religious holidays by persons professing a faith other than the Catholic one. The right to the observance of religious holidays has a singular character according to this law.

It is also worth noting such provisions as the repeal of two articles of the penal code (which, in any case, had not been applied in practice) that stipulate punishment for the abuse of the freedom of conscience and religion to the detriment of PRL interests as well as for deceit and causing a riot or other forms of public disturbance while taking advantage of the religious beliefs of others or their gullibility in matters of faith. From now on, such actions may be turned over to common accountability or classified only as misdemeanors. The ban on religious weddings prior to a civil wedding has also been lifted.

A Model Solution

It was not without reason that it was said in the Sejm deputies' discussion that the proposed legal regulations constitute a giant step on the road to building a governing [rzadny], just and democratic Republic. On the other hand, Premier M. F. Rakowski has expressed the conviction that these legal acts will make the concept of a law-abiding state, that protects its citizens against obstinate outbursts arising from disregard for tolerance of people who hold different views, more clear-cut and specific. Voices were also heard that the overall regulation of religious issues taken on by Poland may become a role model for other countries wishing to follow the same course.

In conclusion, let us mention that the placing in effect of the discussed laws will entail serious financial consequences. The establishment of 15 August as a day free from work alone constitutes a loss of approximately 80 billion zloty to the national income. Accord costs but the lack of accord often costs even more.

Urban on New Information Policy, Own Position
26000513 Warsaw RZECZPOSPOLITA in Polish
9 May 89 pp 1, 5

[Interview with Jerzy Urban, minister for information affairs, by Zbigniew Lentowicz: "Towards a New Informational Order"; date and place not given]

[Excerpt] [RZECZPOSPOLITA] You are the first minister for information affairs in Poland's history. At the same time you head a powerful concern. Besides Radiokomitet, which you run directly as its president, you have under you PAP, RZECZPOSPOLITA and the government spokesman. That is quite a concentration of authority. What were the motives underlying the construction of this sort of model for managing government information?

[Urban] Correction. It is no concentration of power. PAP, RZECZPOSPOLITA and the government spokesman are not under me. Official subordination is one thing and the leadership entrusted to me of the team managing those agendas that is to set the joint program line is another. Thus, it is not a question of subordination, but of a certain organizational system that serves to focus efforts towards strengthening contact between the government and public opinion.

[RZECZPOSPOLITA] In a letter addressed to the Sejm marshal, in which the premier validated your candidacy for this position, he also stressed that this new system does have a very specific purpose...

[Urban] Every person to whom a new role in public life is entrusted generally emphasizes that what he will do now is terribly important. I do not say that because I do not believe that the creation of this team is such a big change. Ordinarily it is unquestionably useful for the heads of such major institutions as PAP, radio, television, the governmental newspaper, and an official who has enormous influence over the presentation of government policy, such as the press spokesman, to focus their efforts on the most important matters at a given moment. The government and the ministers, working with the curtain open, say, inform and clarify a great deal. Often a mighty roar of information bursts forth in this way. The average newspaper reader is not in a position to follow precisely what the individual ministers are doing, or even what the government as a whole is doing. At a given moment, there are issues of greater and

lesser importance, in which public opinion has more or less interest. There are those questions that are basic to the link between the authorities and society. These must be clarified and presented convincingly to citizens. Then there are those questions that are important only for a certain professional group or field of life. Thus, some order must be ushered into the process of disseminating information on government actions and on other topics as well. For example, if, in a given moment, the issue of inflation and the ways to curb inflation is the most important one, then the efforts of all must be focused on explaining this issue by various ways and means. Coordination is indispensable, especially since until now there has not really been any link within the state organism between the individual governmental informational agendas.

[RZECZPOSPOLITA] That is one aspect of the issue—the technical aspect, let us say. If we go on reading that same letter from the premier we learn that we find ourselves on the eve of the creation of a new informational order, which is however conceived of considerably more broadly...

[Urban] At the roundtable, many proposals were discussed, e.g., the issue of opposition access to radio and television, duplication rights, the presentation of elections programs and of authors' programs (45-minute programs, weekly, at a suitable broadcast time). The long-range issues touch the revamping of the informational system. This includes developing a new law on order in the air waves, enabling the establishment of radio and television stations in addition to the state stations and a new law on the economical use of paper. The law on censorship, the press statute and the like are to be updated.

We understand the new informational order generally to be the opening of the potential for voicing one's views, if one has views and someone else is interested in them, by means of the creation of certain rules and freedoms, such as, e.g., the right to draft a letter and the mere registering of this fact, free prices and access to paper. This does not mean, however, that we are in favor of the commercialization of the press, i.e., that access to printshops, paper, radio and television is based solely upon the amount of money one has. This being the case, the appropriate subsidies and grants must exist and someone must award them and divide them up. This evolving of new relations in the field of mass communication (and I have not listed all of the related issues, such as, e.g., international agreements on the use of satellite television programs) should be coordinated directly. To date all of these matters have been in the hands of different ministries, and all of the different parts have been brought together, each within a different state office. It makes no sense to consider individual questions separately, since everything must be joined together into a cohesive system. Nor should a given partner in our talks negotiate separately with radio, television, PAP and the like. Of course, this is permissible where details are concerned, but even

in this field some sort of common idea is needed from the government side. Hence, the need for a person who represents this idea, someone to lend a direction and conduct a uniform policy...

[RZECZPOSPOLITA] Since we are talking about policy—in the past you lost your job twice for publishing certain texts. The first time was after the closing of PO PROSTU and the second time was in POLITYKA. Will these experiences have any effect on the decisions made by the present minister for information affairs?

[Urban] That is true. During my journalism career, I have had two 3-year periods in which I was fired from my job, along with my being prohibited from doing any work for the press. But those are not experiences that have had a permanent impact on my fortunes. Today, in any case, I consider that they were beneficial. Not only did they mold within me a certain initiative and independence, but they also reduced my fear of disgrace or loss of position. I know that I have always managed in difficult situations, i.e., I have tested myself. But these experiences have in no way affected my present actions as an employer. It is simply that it has been such a long time since it was possible for the authorities to fire a well-known journalist without justification, without discussion, on the basis of capriciousness, as it was done with me. This is now the exotic past, and has no reference to the current situation. When I experienced these irritations, I had one virtue that is enduring and worth passing on. I told myself this: do not build your political views and ways of viewing what is happening in Poland through the prism of your personal sorrow and the anger arising from the fact that you were kicked in the derriere. If personal emotions form your way of viewing the policy and action of the authorities, then this picture becomes irrational and unobjective. [passage omitted]

Indigenous Left Seen as Natural Ally of 'Socialist Democracy'

26000529 Warsaw RZECZPOSPOLITA in Polish
10 May 89 p 3

[Article by Prof Adam Lopatka, PZPR CC member, first president of Supreme Court, and director, Legal Science Institute, Polish Academy of Sciences: "A Model of Socialist Democracy: The Traditions of the Polish Left"]

[Text] A model is a paradigm, an example to be emulated. In the case considered here the model is the ideal image of the Polish socialist democracy. Of course, this is not a matter of just any image but of the image of socialist democracy in Poland as visualized by the social forces which exert the decisive influence on the shape of that democracy and are properly aware of the conditions and possibilities affecting its development. These forces are the Marxist-Leninist party and its allies.

When it took into its hand the reins of political power in the years 1944-45, the Polish left faced the fundamental

question of the nature of the Polish people's state. Clearly, it not only had to be fundamentally opposed classwise and ideologically to the Polish bourgeois-landlord state and view differently, realistically its place in the world but also it had to be different, better in terms of its organization and methods of action.

Exploring a New Model

Still, a positive model was lacking. There was the idea that perhaps the new state should be modeled on the only really existing worker-peasant state, the Soviet Union. However, the Polish left settled on another option: exploring a model of Polish socialist democracy that would be novel, unprecedented, yet reflect as faithfully as possible Polish traditions and conditions.

The outline of this model was drawn up by the practical actions of people's government. Ideologically it was drawn most fully in the speech delivered by W. Gomulka on 30 November 1946 at a meeting of the aktiv of the Warsaw branches of the PPR [Polish Workers' Party] and the PPS [Polish Socialist Party]. This model was based on the principles of: unity of the working class, close cooperation between the workers' party and other democratic parties, exercise of political power by the bloc of the workers' party and other democratic parties, and the uniting and coordination of activities of the entire democratic camp. W. Gomulka termed it the concept of the Polish road to socialism. This concept was also based on recognizing "the need for and usefulness of individual initiative and nonsocialized forms of production within a particular sector of manufacturing" as well as on the "total rejection of the collectivization of agriculture."

The Collapse of the Concept

In mid-1948, following a crisis within the leadership of the PPR, this concept suddenly collapsed. A turnabout of a "dogmatic-sectarian" nature took place. As established by a commission of the PZPR Central Committee, that turnabout consisted in abandoning the previous concepts and forms of gradual socialist revamping of political and socioeconomic structures as well as in a sweeping and arbitrarily imposed acceleration of the pace of that revamping, as largely based on resorting to means of noneconomic duress.

This new, different approach was defined and summed up by B. Bierut at the 1948 PZPR Congress. He opposed to the concept of the Polish road to socialism the concept, "Ours is a variation of the general Marxist-Leninist road, translated into reality for the first time in the history of mankind by the victorious Russian proletariat."

The abandonment of the Polish road to socialism was not complete, despite the intensive efforts to bring this about.

The Return to the 'Polish Road'

In October 1956, on resuming the leadership of the PZPR, W. Gomulka immediately referred to the Polish road to socialism. He declared, "The constant under socialism reduces to abolishing the exploitation of man by man. The roads toward that goal can and do differ, depending on varied circumstances of time and place. The model of socialism, too, may differ. It may be the model developed in the Soviet Union, but it may also be the one developed in Yugoslavia, or yet another one."

This declaration was followed by corresponding changes in Poland's political life. There was an opening to the lay Catholic milieu. The alliance with the ZSL [United Peasant Party] and the SD [Democratic Party] [in their new forms] was restored, and there also was an opening to various groupings of war veterans, including also the veterans of the Home Army, the Peasant Battalions, and the Polish Armed Forces in the West. Violations of legality were eliminated once and for all, and the injustices ensuing from these violations were repaired wherever possible. There was an opening to worker self-government in state enterprises. The concept of the collectivization of agriculture as the sole and best road to socialism was abandoned. To assure control over the government's economic measures, the Supreme Chamber of Control was reestablished. The Sejm and the people's councils became much more active, which brought closer to reality the model of activities of these bodies as defined in the constitution. These were substantive steps in the direction of implementing and creatively developing a Polish model of socialism-building.

Accelerated Modernization

As established in December 1970, the new party leadership headed by E. Gierek did not offer new concepts of the model of socialism-building in Poland. It placed emphasis on an accelerated modernization of the country. At the same time, the operation of democratic mechanisms in internal life was curtailed and unjustified centralism and bureaucratism proliferated. The policy of unrestrained borrowing from the West resulted in making Poland markedly dependent on the capitalist world. This conflicted with the policy of strengthening sovereignty as a basic element of the Polish road to socialism. The policy of the Gierek Administration resulted in a deep and longlasting sociopolitical crisis which erupted in full in the summer of 1980.

The Renewal

Influenced by the worker protest, the Ninth Extraordinary PZPR Congress (July 1981) outlined a program of struggle to surmount the crisis and attain a socialist renewal of the life of the society. The objectives of the renewal program represented a major refinement and enrichment of the concept of the Polish road to socialism.

The Congress declared itself in favor of expanding people's rule. It acknowledged that decisions on the affairs of the workplace, the village, the rural township, the city, and the voivodship must be based on legally regulated principles of socialist social self-government. It pointed out that the development of socialist democracy requires, on the one hand, a constant counteracting of the tendencies toward destabilization of the state and, on the other, of the tendencies to impede the growth of democracy. It pointed to the need to establish new state bodies that would prevent deformations and abuses in the exercise of political power. It supported a marked expansion of the freedom of speech as well as openness of public life.

It also supported strengthening at all levels the cooperation between the PZPR and the allied political parties as well as deepening the relations of partnership with all segments of the trade union movement. It declared, "The state's policy in its relations with the church is to broaden the plane of accord and cooperation so as to promote the welfare of People's Poland and to narrow domains of conflict."

Accord, Struggle, Reforms

How does the PZPR interpret at present the nature of the Polish model of socialist democracy? Some indications are provided by the PZPR Program resolved upon in 1986 by the 10th Congress, which specifies that socialism alone among all the systems of society determines the road toward the solution of our national problems, the materialization of mature aspirations and strivings of working people, and the attainment of progress in every domain of life. In this connection, the supreme value of socialism, its paramount goal and motive power, is the broad development of the human personality, and its foundation is the public ownership of means of production, owing to which exploitation is abolished and just social relations are established. Labor is the paramount moral criterion, and it assures equality of career opportunities and universal social security.

The core of the Polish model of socialist democracy is the consistent implementation of the pursuit of [national] accord, struggle, and reforms. The scope of national accord will be broadened and the forms of social dialogue enriched. The only limits on this accord are the basic principles of our system of society and the needs of the Polish *raison d'etat*. The PZPR Program states, "We shall wage a consistent struggle against enemies of socialism who want to undermine it."

A Polish Model for Poland

In the plane of governance, the nature of the Polish model for the democratization of political life was defined in the Resolution of 23 October 1987 of the Sejm of the Polish People's Republic Concerning a Precise Definition of the Nature of the Referendum Scheduled for 29 November 1987. The second of the questions

asked in that referendum indicated that the aim of the Polish model of deep democratization of political life is to strengthen rule of law and broaden the rights of citizens and augment their participation in governance. In the explanation appended to that question the Sejm pointed out that this concerns broadening political freedoms, strengthening civil rights and legality, enriching the forms of socialist pluralism, and broadening the plane of dialogue and national accord.

Translating this model of socialist democracy into reality will require struggle on two fronts, the first directed against those who, while brandishing proreform phraseology, are hostile to socialist Poland and intend to sabotage elementary conditions for the effectiveness of the reform, i.e., to upset law and order, fruitful labor, and social dialogue. The other front is, as stressed by W. Jaruzelski, directed against conservatives who, positioned at various levels of the exercise of power, block, impede, and distort the process of renewal by diluting, delaying, or even paralyzing renewal measures.

It is worth noting that the implementation of such a comprehensive and original model of socialist democracy in Poland is purely our own domestic affair.

The Marxist-Leninist party and its allies have developed a Polish model of socialist democracy whose nature is rich, varied, and commensurate with Polish traditions and domestic and foreign conditions. Underlying this model is the tradition of the Polish worker movement, the radical peasant and democratic movement, and the struggle for national and social liberation.

This model has developed and is developing in the struggle against dogmatic positions that underestimate the Polish tradition and Polish realities, as well as against attempts at a mechanical emulation of progressive liberal-bourgeois solutions. The nature of this model has evolved historically, under the pressure of political needs and commensurately with the Nation's economic, social, and cultural development.

The process of this evolution is far from complete. It also comprises the decay of certain ideas and concepts which no longer fit the present living conditions of people. From the outset it has been opposed to the Stalinist model. This is a Polish model for Poland. It lacks universalist ambitions. It is one of the models of democracy developing nowadays in various socialist countries. "Each party explores on its own the roads of transition to a new quality of socialism," M. Gorbachev stressed. "There can be no common recipe, no mechanical duplication."

Poland is not, contrary to what some people claim, facing the replacement of the old, Stalinist model of socialism-building with a different, democratic model. From the very beginning of its existence People's Poland has been translating into reality its own model of democracy and political life. This model arose and has been

developing under particular historical circumstances. During a period (1948-55) there had existed a strong tendency to replace it with a Stalinist model. But that tendency did not prevail.

Warsaw Students Query Michnik, Kwasniewski at Roundtable

26000507 Warsaw *RZECZPOSPOLITA* in Polish
4 May 89 pp 1, 8

[PAP Article: "Political Meeting at Gdansk University: A. Kwasniewski—A. Michnik"]

[Text] The public political discussion between the participants of the roundtable: Aleksander Kwasniewski, chairman of the Council of Ministers Sociopolitical Committee, and Adam Michnik, representative of the opposition-Solidarity side, which was held on the 3rd of this month in the assembly hall of the Humanities Department of Gdansk University, lasted more than 3 hours.

The Gdansk students invited them exactly one year to the day following the strike during which they demanded the legalization of NSZZ Solidarity, among other things.

In the hall, filled to capacity, a political American-type "open discussion" was expected, at the very least. And this is what did occur:

First of all, both partners categorically objected to the debate organizers' idea of limiting the answer and rebuttal time. Then, they were unhappy because they were seated at separate tables, a couple of meters from each other....

Students from the Impuls Political Thought Club prepared a series of questions—political queries pertaining to the country's current problems: Why are the elections proceeding at such a fast pace? Do the government and the opposition fear the joining of forces of those ill-disposed toward the reform? Will the opposition have time to prepare for the elections? Can the Polish opposition take part in the new shaping of Polish-Soviet relations? Is there a place in the Polish political scenery for forces which have remained outside of the roundtable? Is there a possibility that Solidarity will be reborn as a political movement and not a trade union? Is the roundtable agreement not a momentary alliance based on the assumption that both sides will become "played out"?

Aleksander Kwasniewski and Adam Michnik stated:

A. Kwasniewski: "That which has transpired at the roundtable required serious revaluation on both sides with the awareness that this is the only chance for making Poland into a modern state. The readiness of the

opposition-Solidarity side to take up dialogue is admirable because this also represents readiness to assume co-responsibility for the country and make compromises."

A. Michnik: "...the roundtable has shown how great the significance of political willingness to solve conflicts can be. It has created a new political standard. In its [roundtable] agreements, I want to see the first element of a Polish pact on behalf of democracy."

A. Kwasniewski: "We did not look at the roundtable as shopkeepers from the point of view of a 'clearance sale on socialism.' We were looking for a concept and a means of developing Poland politically. What was of essence was to achieve a 'critical mass' of reforms so that there would not be any turning back from them. This resulted from realistic political assessment and possibilities. The opposition had an easier time of it in our discussions—it had one compact program and operated on the principles of the classical Bolshevik Party. There was significantly more pluralism and diversity on the coalition-government side—something which is understandable because under conditions of a monopoly, there are no monopolists."

A. Michnik: "I have guarded but genuine hope for the future, among other things, because of regrouping in the power camp. I must admit that I made a mistake in evaluating Gen Jaruzelski. I regarded his departure [from the government] a necessary condition of reform. He turned out to be capable of far-reaching reorientation and changing the policy of conflict and repression to a policy of compromise—something which is deserving of high regard."

A. Michnik: "Such rapidly occurring elections lower our chances. However, I view the power of orientation of the roundtable in the PZPR with caution and skepticism and that is why I felt that we must bear down and anchor ourselves firmly so that no concepts of overturning the 'table' could succeed."

A. Kwasniewski: "The elections campaign is, indeed, short. However, at the same time, this constitutes a rapid transition from the agreed upon points to their implementation; the taking over by official forces of the impetus of reforming the government. I would like for the elections to end with the choosing of those who think the most rationally and without total victory for either side. This will strengthen the continually fragile 'table.' There is no unanimity on the other side, either, but in this way, we have the chance to have part of the reforms behind us already in June."

A. Michnik: "I agree with this, although, I see the dissimilarities somewhat differently. Opponents of the roundtable from the coalition side refer to us as the 'crawling counterrevolution.' Our extremists are advancing unrealistic demands. What can I say, I myself have called repeatedly for a boycott of the elections. Today,

this would not be a boycott of the authorities but of the Polish road to democracy—of that which took place at the roundtable.”

A. Michnik: “All reform attempts to date in Poland have failed because of international contexts. Today, the foreign state of affairs is excellent. Changes in the USSR are so profound and substantial that the Polish opposition should revise its entire existing anti-Soviet rhetoric. We can have influence on Polish-Soviet relations. The roundtable has shown that this can be a functional model of discourse with the public. Today, Poland is a laboratory of transition from barracks-type communism, as referred to by the Soviet press, to parliamentary democracy.”

A. Kwasniewski: “The current changes in socialist countries are tantamount to pragmatism with socialist roots. Our neighbors are observing the changes in Poland and are cheering them on. They are also trying their own solutions, e.g., the Hungarians. The Soviet Union is interested in Poland’s stability; a line of reform leading toward socialist parliamentary democracy.”

A. Michnik: “Solidarity was not the kind of trade union as, for example, in England. And what it will be like depends on the way the political scene is handled. Its return was reconstructed by institutional political reforms precisely so that the strike would not be the only form of political struggle.”

A. Kwasniewski: “There is also room for the ‘non-table’ political forces in Poland’s political life. We are creating the kind of political conditions in which various aspirations can be expressed—but in keeping with the law.”

GAZETA WYBORCZA Deputy Editor on Reporting, Policies

26000535 Warsaw PRZEGLAD TYGODNIOWY in
Polish No 22, 28 May 89 p 8

[Interview with Helena Luczywo, deputy editor in chief, GAZETA WYBORCZA, by Michal Ogorek: “The Nature of the Opposition”; date and place not given]

[Text] [PRZEGLAD TYGODNIOWY] GAZETA WYBORCZA has an assured place in the history of the Polish press as the first opposition daily to be published since the times of Mikolajczyk’s GAZETA LUDOWA. Yet, despite this historic eminence, very little is known about this newspaper, which lists only two telephone numbers, the address, and the name of the Agora Company as information about itself.

[Luczywo] But indeed during the first week of our existence we only had those two constantly busy telephones and the hastily established company—established with the object of having a legal entity for publishing the newspaper. In the rooms of the nursery on Iwicka Street which were temporarily assigned to us, neither the Editor in Chief Adam Michnik nor his

deputies, Ernest Skalski and myself, have a separate office. We are still starting from the scratch.

[PRZEGLAD TYGODNIOWY] How long did it take you to prepare the publication?

[Luczywo] A month. All this time the bustle has been unimaginable. We are publishing GAZETA WYBORCZA in a manner different from that of the other Polish dailies. Technically it is more like a weekly; everything is planned in advance instead of, say, throwing in a PAP dispatch wherever some space is vacant. Besides, it is not right for us to depend on the PAP; we should obtain information on our own. And anyway, 10 other dailies rely on news agency items, so it would make no sense for the 11th to depend on that too. Of course, such an approach to publishing a daily newspaper is extremely labor-consuming.

But the elections are eliciting a kind of popular enthusiasm. The journalist community as a whole became spurred into action and willing to help us. Two persons from the French daily LIBERATION arrived spontaneously and suggested to us various organizational and technical ideas. Besides, we already had a solid core of an editorial staff, because practically the entire staff of TYGODNIK MAZOWSZE [an underground Solidarity weekly] moved to our newspaper.

[PRZEGLAD TYGODNIOWY] With you in the lead. How does working for an underground newspaper compare with working for a legal one?

[Luczywo] There is simply no comparison, no point of reference. Technically, TYGODNIK MAZOWSZE was much more modern. Few people are aware that TYGODNIK was the world’s first newspaper to employ the technique of composing on IBM personal computers at a time when it still had not been available for such computers. It is a pity we did not apply for a patent on this. Unfortunately, it was only later that I had visited the United States and realized about this situation. By contrast, we are still printing GAZETA WYBORCZA on old-fashioned linotypes.

[PRZEGLAD TYGODNIOWY] I am not sure whether anywhere else in the world it could be understood that it is easier to publish an underground newspaper than a legal one in a legal printing plant.

[Luczywo] In the underground it was terribly difficult at the beginning, during the organizational stage, and above all at a time when [the leaders of] Solidarity were still behind bars. Later, however, after the conspiracy was not so tight and things were done semipublicly, everything went quite well. On the other hand, a time came when publishing TYGODNIK MAZOWSZE became more challenging after the official press became much more lively and interesting. When that happened, we, like regular journalists, became scared of being relegated to a marginal role.

This problem does not exist for GAZETA WYBORCZA. Since in Poland weeklies are good but dailies are, in my opinion, weak, we have it easier in this respect.

[PRZEGLAD TYGODNIOWY] Yours is a harrying and belligerent newspaper—too much so according to some people. Are not you afraid of becoming a kind of anti-TRYBUNA LUDOWA [the party daily] by being disputatious for dispute's sake?

[Luczywo] This is election time! This is the first time in my life, not counting my trips abroad, that I am witnessing genuine elections! Throughout the world the aim in elections is to compromise the adversary. In my opinion this is being done here to a much smaller extent than in the West. On the other hand, in Poland this is probably done more deviously and mendaciously, without speaking out as it were. I wish we had more plain speaking and less allusiveness in this country.

For example, we are having trouble publishing, say, far-reaching criticisms of highly placed personages. But what is the purpose of the opposition if not to act as a watchdog of the "establishment" and do it in a civilized manner? If other methods are resorted to, I agree that they are improper. Still, the opposition must do it. This is its role.

[PRZEGLAD TYGODNIOWY] In GAZETA WYBORCZA discussion of other countries is limited to the countries of our bloc, as in the press of the 1950's.

[Luczywo] This is indeed [no] mistake, for we are probably even more interested than our readers in information about the countries of our bloc. Many interesting things are happening in these countries. Besides, we view as one of our most important tasks what used to be called the rapprochement of nations, which the official press promotes very little. Yes, we ignore broadly the West and the Third World and devote an entire column to the countries of our bloc, publishing items which are officially published in those countries but encounter problems [with censorship] in this country. For example, we have tremendous difficulties in publishing Hungarian articles on Romania. This is due to the years-long habits of publishing optimistic sham declarations.

[PRZEGLAD TYGODNIOWY] But it is for the most part only when publishing articles on the countries of our bloc that you have problems with the censors.

[Luczywo] I am not sure that I am qualified to comment here, because, starting with ROBOTNIK in 1977, for 12 years I had been publishing everything unofficially, outside the censorship. To me it is simply shocking when some outsider tries to censor what I say. To be sure, this censorship is practiced in a highly civilized manner, but still I am simply incapable of understanding such ideas as joint editing of certain articles. I feel responsible for the newspaper, and then suddenly there is a shift in emphasis and the censors become responsible.

[PRZEGLAD TYGODNIOWY] We all are burdened by attaching excessive importance to the printed word, in the belief that it in itself already is reality.

[Luczywo] This may be one of the most important purposes of our newspaper—to introduce a little freedom in this field and master the fear of words. For the time being I do not perceive such freedom to exist. I am sorry to say that the responses [from the party press] reduce chiefly to pages of rigid polemics. I think that it will take some time before the attitude toward the printed word becomes the same as the recent new attitude toward the spoken word in Poland, largely owing to "glasnost," but also certainly owing to the pressure exerted by the uncensored publications. This situation will change as normal, authentic competition begins to prevail.

[PRZEGLAD TYGODNIOWY] In view of the attendant controversy, could you please describe the tactics recommended by GAZETA WYBORCZA to Solidarity voters?

[Luczywo] For the time being we are offering a broad range of proposals. Of course, we advocate balloting for the Solidarity slate. But this may mean various things. So far as the national list is concerned [list of official candidates, exempt from multicandidate voting], there is no competition between the opposition and the ruling coalition. The national list specifies persons who support the current [roundtable] agreements and in this sense are "our partners." And of course we prefer these persons to be elected and gain social support. Now the instruction for crossing names off that list selectively is very confusing from the technical standpoint. Given the very little time left before the elections it is indeed a big problem to explain to voters which names [of party hardliners] should be crossed off and which left alone. As things are, voters are confused and are simply going to cross all candidates other than Solidarity ones off the ballot.

[PRZEGLAD TYGODNIOWY] What about Solidarity's rivals in the opposition?

[Luczywo] We have decided to set aside a special page in our newspaper for competing candidates from other currents of the opposition. In a sense, we are thus acting against our interests. They compete with our own candidates. But, it seems, it is worth to lose a little in order not to betray one's principles. Certain of the things we do are not just for the sake of the electoral campaign but for that of the future.

You know, I have a favorite anecdote: while in the underground, for many years, we all, to preserve secrecy, used only public telephones. In the places in which we worked, girls with children promenaded and used the public telephones to chat about all sorts of nonsense for hours. We would wait and wait with terribly important matters to settle while a girl would chatter on the public telephone about a child's loss of appetite. One felt

sometimes like shoving that girl away from the telephone. But doing so would be completely wrong. Ultimately, what matters to us is that everyone, literally everyone, would be able to say whatever he pleases on the telephone.

[PRZEGLAD TYGODNIOWY] If only there were more public telephones.

Party Position Defended in Roundtable Media Access Talks

26000517 Warsaw TRYBUNA LUDU in Polish
14 Apr 89 p 2

[Article by A.M.: "On the Secret 'Control Center' for Television"]

[Text] The roundtable has been concluded, but the difficult changes are only beginning. The operations of the press, radio, and television is one of the remaining unknowns.

The agreements of the roundtable include the phrase: "freedom of expression, including the creation of realistic opportunities for access to all types of mass media for various political forces." What the real shape of this phrase is will be determined by this or the next Sejm, for the proposals adopted, as Slawomir J. Tabkowski, member of the PZPR Central Committee and head of the Central Committee Propaganda Section, emphasized in an interview for GAZETA KRAKOWSKA, express only the political intentions of the parties.

It is worthwhile acquainting ourselves with the details of these intentions. TRYBUNA LUDU has carried current coverage of the course of the deliberations of the subgroup for mass media affairs. Their summation includes the interview mentioned, published during the final days of the talks at the roundtable (3 April 1989). "During the deliberations," says reporter Izabela Pieczara, "the term 'new information order,' not previously used in Poland, was employed."

"This order," responds Slawomir J. Tabkowski, "should reflect political, social, economic, and worldview, etc., pluralism existing in society, and it must respond to the processes of democratization and limit or reject monopoly in this area."

The report from the subgroup includes a note that the goal "of the new information order" should be to make possible the free participation of political subjects, groups, and individuals in all forms of social communication. They, in turn, regardless of their political or worldview orientation should perform such functions as, for instance, presenting reliable information that is as complete as possible, presenting public opinion, and presenting the opinions and proposals of all political and other options, taking into account the views and proposals not shared by the other party.

Television as the most influential media continues to be the center of attention. TYGODNIK KULTURALNY commented that the "control center" for television is located in the Propaganda Section of the Central Committee. The party was accused of not being ready to "consummate" state television.

In response to these accusations, S.J. Tabkowski says, first of all, that the party set up state television and, second, that, as the controller of Polish Television, he should have been relieved of his duties long ago for he sometimes turns off television programs he is watching.

What are the relations between the Propaganda Section and television? "As regards essential questions concerning our party or those questions concerning our participation in the coalitional system," says the head of the section, "the Propaganda Section of the Central Committee pursues a particular information policy. But the same thing happens all over the world; parties undertake various efforts in relation to the mass media. On the other hand, I have neither been able nor desired to be the controller of Polish Television; it would neither be legal, nor do I have such ambitions and aspirations."

As regards the slogan of socializing radio and television raised by the opposition-Solidarity party, S.J. Tabkowski responds with a question: managing in the name of society, means who—the opposition around Lech Walesa, Solidarity, the PZPR, ZSL, SD, OPZZ? And adds that only control of radio and television exercised by the Sejm, perhaps jointly with the Senate, control through the government or (additionally a parliamentary commission) is realistic.

So where do the discussions at the "press table" stand? For the opposition-Solidarity party, 30 minutes a week on television and 60 minutes on Polish Radio. Representatives of this party were offered seats in the Program Council of Polish Radio and Polish Television and the Press Council under the premier.

But the opposition-Solidarity party did not accept a solution that it systematically participate in the work of the collegium of the Main Office for the Control of the Press, Publishing, and Public Performances. "It is strange," comments S.J. Tabkowski, "that they want a series of changes in censorship but without participating officially or without bearing responsibility."

Evaluating the future, S.J. Tabkowski declares he is an optimist. "The end of certain myths and taboo subjects has come. The process of socialist renewal, which was initiated by none other than the PZPR (which our political opponents admit in amazement), is encompassing all of social life. And no one needs to be convinced now that socialism has ceased being unreformable."

[I. Pieczara] "They say it has happened under pressure."

[Tabkowski] "Obviously, for various reasons and under various pressures. And did capitalism, for example, not change under pressure? Our socialist ideas, for example, had serious influence on the changes in capitalism."

'Infighting,' Censorship at Student Conference Criticized

26000509b Warsaw TRYBUNA LUDU in Polish
8 May 89 p 5

[Article by (wu-zet): "Conference of Independents in...Self-criticism"]

[Text] On the 6th of this month, a gathering of delegates of the still illegally functioning Independent Student Association took place in Sopot in an atmosphere of slander, mutual accusations, interdelegational insults and grudges against the world that no one understands their cause. This was the second round of this infighting since the activists of this organization cannot seem to make one move in the direction of reaching an understanding, negotiating the shape and form of the statute within their own group. They are divided, as evidenced by rumored meetings in lobbies and corridors and by leaflets, into factions—little factions that are fiercely fighting each other.

Despite their young age, those favoring student independence cannot seem to free themselves of the stubborn fury with clearly political, anticommunist coloring. They demonstrate by their actions that the lesson of democracy which the entire country is learning now, is in their case being completely forgotten and ignored.

They try to manipulate public opinion about themselves with thinly disguised methods, reaching at the same time for dishonorable measures that are cunning in nature. The organizers of the conference assured, officially and for show, all interested journalists that they would be able to observe without obstacles the deliberations of the delegates. They took 5,000 zloty from everyone in accreditation fees giving in return the right to be present in the hall...whereby following the opening of the deliberations with a 1.5-hour delay, they asked the reporters of our domestic press to leave said hall (with the exception of their own allied reporters and foreign journalists). As a consolation, reports from the debate, censored by the presidium and prepared in the press bureau, were offered to those who were ushered out.

It was explained to the reporters astonished by such a turn of events that such a decision was made by the leadership out of concern that they might distort the conference proceedings in their reports. The leadership of the allegedly independent group took monopoly over the manipulated information. Most likely because the truth about the deliberations in Sopot would hurt too much the "independent" eyes covered by a cloud of animosity toward the pluralistic changes in the country.

Agreement Strengthens CSSR Educational Ties

26000509c Warsaw RZECZPOSPOLITA in Polish
28 Apr-1 May 89 p 2

[PAP Article: "Polish-Czech Education Cooperation"]

[Text] On 28 April in Zakopane, Prof Jacek Fisiak, minister of national education, and Ludovit Kilar, minister of education, youth and physical education in Slovakia and coordinator of educational affairs in the CSSR, signed a protocol to the agreement on cultural and scientific-educational cooperation for the 1989-90 period.

"I regard highly that which the Czechoslovak side [of the agreement] has at its disposal in the area of higher education," stated Minister Fisiak to a PAP correspondent, "particularly in the area of scientific and research equipment in the field of physics, chemistry, biology and mechanics. That is why we are interested in having our students study at Czech institutions of higher learning; our scientific workers to undergo long-term doctoral training periods and that individual Polish and CSSR educational institutions cooperate with each other."

"During the period of reconstruction and the implementation of social and economic reforms," stated Minister Ludovit Kilar, "cooperation between friendly nations is necessary because we have common goals and common aspirations."

POLITYKA Weekly News Roundup

26000519 Warsaw POLITYKA in Polish
No 20, 20 May 89 p 2

[Excerpts]

National News

The State Election Commission registered the National Election List with the names of 35 candidates for deputy nominated by the parties and associations of the government coalition and PRON. The Commission ordered the printing of election cards; for deputies, they are to be white (the National List is to be either white but in a larger format, or of a different color); for senators, they are to be rose colored.

The Council of Ministers has adopted several proposals for laws: one of them calls for forgiving and forgetting crimes and misdemeanors committed after 13 August 1980 for political reasons, in conjunction with strikes, protest actions or militarization. The Solidarity GAZETA WYBORCZA emphasizes, with some distress, that the law does not include "Zdzislaw Najder, director of Radio Free Europe, Z. Rurarz, and R. Spasowski, who were sentenced to death in absentia." Other proposed laws call for moderating or ending sanctions for exhorting others to act against a law (if the attempt does not use force) or for distributing, without permission, works and information in printed form, or for participation in a

secret or illegal union, if the range or results of the act were insignificant. Other changes expand the range of procedural rights of suspects and defendants and increase control of the courts over preparatory procedures. The Council of Ministers adopted a proposed amendment to the law on higher education (resigning from an evaluation of civic attitudes of candidates for academic teaching positions). The Council of Ministers also adopted a proposed change of the name of Wroclaw University, deleting the name "Boleslaw Bierut."

One of the most important of this year's visits at the highest levels: Francesco Cossiga, president of Italy, visited Poland; he was accompanied by Giulio Andreotti, minister of foreign affairs. [passage omitted] Giovanni Agnelli, president of Fiat, also was in Poland at the time; he discussed plans to start production of 600,000 cars in the middle of the 1990's with Minister Wilczek. During this same period, contracts were signed for a partnership, Compact Car Factory-Siwela (which produces the muffler fibers for the small fiats) and Ovatec (an Italian firm from Turin). The partnership called Polovat is to produce linings for the Polish automobile industry and for export. [passage omitted]

Gen Antoni Jasinski, deputy minister of national defense, presented the concerned Sejm commissions the new principles for military service by students: it is to be reduced from 12 months to 5 months.

Strikes in the Copper Basin ended with increases in wages following the same principles as in the coal industry. The agreement signed does not violate the principle of self-financing for the works. Air traffic controllers at Okęcie held a protest action without interrupting work. [passage omitted] Employees of the Swinoujscie region of Szczecin Shipping announced a strike warning and a 2-hour strike; they halted ferries between the left and right banks of Swinoujscie. There is a continuing occupational strike at the Voivodship Meat Industry Enterprise in Elk about wages. They have demanded the removal of the main director of the plant. [passage omitted]

The daily press published the position of the PZPR National Conference of Delegates on removing the remaining elements and consequences of Stalinism in Poland. The document says, among other things: "Responsibility for the implementation of the policy of repression falls on the Politburo of the period, including, in addition to Boleslaw Bierut, Jakub Berman and Stanislaw Radkiewicz; Hilary Minc, Franciszek Jozwiak, and Franciszek Mazur also participated in its work. The members of the leadership of the Ministry of Public Security, especially Department X, and the leadership of the military prosecutors and justice system played a particularly sinister role." At another place: "The process of Stalinism occurred in conditions of the violation of the principles of sovereignty, equality, and partnership in relations between the USSR and Poland and between the CPSU and the PZPR. But it also had its

internal circumstances." The National Conference of Delegates supported the inclusion of periods of unjustified detention in forced labor camps or prison in the length of employment, making it possible to acquire retirement rights, and asked the Sejm to take a position on legal acts from the Stalinist period that contradict the constitution.

Prof Janusz Reykowski in response to a question about why Wojciech Jaruzelski is not a candidate on the national list: the intention is to propose his candidacy for the office of president.

Two French advertising specialists arrived in Poland to aid Solidarity in its election campaign. They are Jacques Seguela, who organized Mitterrand's presidential campaign, and Thierry Saussez, who organized Chirac's campaign. We printed the AFP report following EXPRESS WIECZORNY.

From the declaration of the Primate's Social Council: "The elections should show that a Catholic society wants to have, in the Sejm and the Senate, representatives shaping social life on the basis of Christian values, who act to protect life, the dignity of the person, and human rights, for whom participation in public life is service for the common good. . . .

"It is also necessary for Catholics, aware of their identity, for people of all occupations and social groups, to support the nominations of candidates with the required signatures, guaranteeing with their actions the endeavor for the common good in accord with the social teachings of the Church. Finally, it is necessary for a Catholic society to make a conscious choice in the act of voting."

Primate Jozef Glemp in a sermon during the ceremonies in honor of St. Stanislaw in Krakow said, among other things: "We do not demand declarations on abortion from candidates for deputy to keep them from being superficial, to keep them from being transitory. However, we know, that a Catholic cannot vote for a declared supporter of abortion for then he would create a system different from his beliefs; he would be lying to himself." (We follow Radio Vatican.)

The beatification of Cardinal Stefan Wyszyński will begin on 20 May 1989 with a ceremonial session at the Archdiocese cathedral. [passage omitted]

A story by Piotr Gabryel in REPORTER about the Kalisz piano factory. A quotation from a letter to Minister A. Krawczuk at the climax: "As the heirs of Gustaw Arnold Fibiger, the former co-owner of the firm of Arnold Fibiger Piano Factory in Kalisz, we ask you to return the property of the factory to its owners or to pay damages for the expropriation of the factory." [passage omitted]

Prof Stanislaw Kwiatkowski, head of the Public Opinion Research Center, in a telephone conversation with voters

(he is a candidate for the senate): "The anticipated turnout has increased in successive surveys. At present, 48 percent say they will certainly vote in the elections; 34 percent say they will probably vote. If these two groups vote, the election turnout would be 82 percent. Only 8 percent of the respondents state that they will definitely not vote; another 9 percent say that they will probably not vote." [passage omitted]

On the Left

[Passage omitted] Trade between China and the Soviet Union grew from 488 million rubles in 1983 to 977 million rubles in 1984, to 1,615 million in 1985, to 1,822 million in 1986, to 1,475 in 1987.

V. Panov calls for saving the Lyczakowski Cemetery in Lvov in UCHITELSKAYA GAZETA. The author points to the prominent individuals who are destroying historical graves and grave markers in order to make room for their relatives.

Janos Kadar felt better (after a stroke and partial paralysis) and gave an interview (the first in a series) to the weekly MAGYARORSZAG. Among other things, Kadar decidedly demented reports that he had played an important role in the trial of Rajek, including convincing him to confess. Janos Kadar rejected the claim that members of the Politburo signed a death sentence.

The Patriarch and two hierarchs of the Russian Orthodox Church were elected people's deputies. "Since Gorbachev met with Pimen, patriarch of all Russia, in 1988, 1,700 new parishes have been created in the Soviet Union," reported Metropolitan Vladimir. Four new seminaries have been opened. A new monumental shrine that holds 10,000 will commemorate the 1,000th anniversary of the baptism of Rus. In 1971-87, 30 million individuals were baptized.

The Czech Writers' Union rejected a recommendation to form a Polish section. The Polish-language paper GLOS LUDU argues against that decision and points out that there are similar sections (though more numerous) for Hungarian and Ukrainian writers living and working in the CSSR.

Leaflets that reliable Hungarian sources described as provocations were strewn in the streets of Budapest. They called for the return of Transylvania to Hungary. The leaflets were full of linguistic mistakes. [passage omitted]

Hungarian television broadcast an interview with Minhea Berindei, a Romanian historian who now lives in Paris. He spoke, the MTI agency reports, about the development of the "family dictatorship" in Romania.

A new schedule of hot water for apartments in Romania. On Mondays and Fridays, it is to be available for 2.5 hour, between 530 and 630 and 1830 and 2000; on the

other weekdays, it is to be available 4 hours. On Sundays, it is to be available for 5 hours. The obligatory monthly limit for electricity is, for example, for a 3-room apartment 20 Kwh in the summer. Exceeding the limit raises the rate for 1 Kwh from 0.65 lei to 2.5 lei. [passage omitted]

Bishop Jozsef Cserhati, the secretary of the Hungarian Episcopate: In Hungary about 20 percent of the population actively practices Catholicism; 40 percent participates on the most important holy days; 60 percent of the population regards itself as Catholic, and the same number pays church taxes. Expressing his opinion on the possible formation of a Christian party, the bishop stated that the development of the church and the church teaching the people to forgive is more important. "Only through forgiveness can we move forward."

Information on the budget of the CPSU (for 1987) has been published for the first time in history. The major source of income is dues, 1.3406 billion rubles. Expenditures for the entire operations of the party organizations total 1.657 billion rubles, including 1.4589 billion rubles, or 88 percent, for the operation and development of the material base of the party committees.

Increasing numbers of items are being rationed in the USSR. Among other things, in Moscow, the monthly ration of sugar is 2 kg. Rationing of industrial goods is anticipated—250 rubles annually (100 rubles for students and retirees). [passage omitted]

There is no need "to return to a parliamentary system of the bourgeois type with its famous competition among political parties." "We are beyond that historical stage; we gathered our own experiences, and they were fairly negative," said Jan Fojtik, secretary of the Central Committee of Czechoslovakia.

Opinions

Jan Hawrylewicz, head of the Personnel Policy Section of the Siedlce PZPR Voivodship Committee:

(Interviewed by Krzysztof Harasimiuk, TYGODNIK SIEDLECKI 14 May 1989)

[TYGODNIK SIEDLECKI] Please give several examples of positions requiring political acceptance at the voivodship and basic level.

[Hawrylewicz] The Voivodship Committee accepts, for example, the chairman of the problem commissions, heads of the sections of the Voivodship Committee, and the editor in chief of TYGODNIK SIEDLECKI. The Executive gives political acceptance to 19 positions, including the chairman and deputy chairman of the people's council, the voivod and deputy voivods, the director of Karo Knitting Industry Plant. At the basic level, the chairman of the people's councils and the heads of the cities and gminas are subject to acceptance.

The Executive of the City Committee and Gmina Committee accept key directors of industrial plants, totalling 45 positions."

Piotr Janik of Warsaw in a letter to the editors of LAD:

(LAD 14 May 1989)

"The height of Bratkowski's arrogance is his attack on the lawyer Sila-Nowicki. Does he not realize how laughable he is when he, until recently, a party propagandist carrying a PZPR card, attempts to judge such a man? Wladyslaw Sila-Nowicki needs no defense against little attacks, controlled little journals, and he does not need it now. His entire life, his whole biography, of which others in the opposition can be jealous, defends him sufficiently. He paid for it during Stalinist times with a death sentence and 9 years spent in prison. Polish society well remembers him later as an untiring defender of opposition figures during political trials, as a man who bound his fate with Solidarity at its birth. For many years, he has faced persecution and abuse in the press from Bratkowski's party comrades for his position. As can be seen, Bratkowski himself, 'playing for his fate,' continues

this work in the same style, having only changed his PZPR card for opposition colors and TRYBUNA LUDU for TYGODNIK POWSZECHNY."

Izabella Pieczara, journalist:

(In a report of a meeting between historian Prof Dr Jarema Maciszewski with members of Kuznica, GAZETA KRAKOWSKA 8 May 1989)

"Speaking about that time, for Poland so significant and tragic, he told the participants in the meeting that recently the commission received a factographic map which was the working document of Stalin and Ribbentrop during their talks about the "boundary of friendship between the Germans and the Soviet Union." I think that Poles need no commentary on this fact. I will only add a comment, following Professor Maciszewski, that the mentioned map divides Poland into two parts with a colored line. Somewhere a little below Zamosc the line breaks. The two men were fighting about that piece of land believing, reportedly, that there was crude oil in that area. Thus, there was a dilemma about who should get it."

INTRABLOC

Problems in CEMA Direct Trade Exchange Viewed

26000518 Warsaw ZYCIE WARSZAWY in Polish
4 Apr 89 p 5

[Article by Eugeniusz Waszczuk: "Chances of Border Exchange"]

[Text] The far-reaching criticism of the activities of the CEMA has been accompanied by attempts to establish a program which would revive this organization and greatly raise its standing. A common socialist market must be formed based on the application of economic factors for mutual cooperation. This is to be achieved by developing direct cooperation between production and trade enterprises in the CEMA countries. Integration, therefore, should begin from the bottom, from the primary organizations.

The organizing of direct exchange of staple commodities between the domestic trade enterprises of Poland and the Soviet Union—on the basis of an agreement signed in October 1986, is an attempt in this direction. We are referring to the exchange not covered by foreign trade turnovers, described in trade protocols, concluded each year by both partners. This was to be the sale of commodity surpluses by trade organizations from border areas, a practice in which business establishments from almost all of Poland participate.

Permits to conduct this exchange are granted by the Ministry of Domestic Trade. Thus far, it has issued 363 such permits for 340 economic organizations. These include voivodship domestic-trade enterprises, Otex, Domar, Centrum Department Stores, Spolem, Samopomoc Polska [Peasant Self-Help], and Spoldzielczosc Ogrodnicza [Horticultural Cooperative].

Export from Poland, within the framework of this exchange, includes cosmetics, household cleaning articles, canned vegetables, food concentrates, baked goods, fresh vegetables, strawberries, ready-to-wear clothing, and knit goods.

In exchange, Polish trade organizations receive the following from the USSR: fabrics, table cloths, rugs, television sets, photo-optical articles, vacuum cleaners, watches, refrigerators, flatware, canned fish, wines, and sports items.

Imported goods and goods covered by government orders or state subsidies cannot be exchanged. Furthermore, the trade sections of voivodship offices make sure that goods needed on the domestic market are not exported.

In the first half of 1988, export to the USSR within the framework of this exchange amounted to 34 million rubles, and import to Poland totaled 38 million rubles.

The Main Office of Statistics has not yet issued any figures for the entire past year, but the anticipated difference in turnovers, 229 million rubles in exports to the USSR and 217 million in imports, will be made up in the future.

To acquaint ourselves with the details of this non-foreign-currency exchange—goods for goods—let us use the example of the large trade organization Spolem.

By the end of 1988, on the basis of a license issued by the Ministry of Domestic Trade, 75 organizations belonging to Spolem carried on this exchange, and this amount is changing rapidly. And although officially, as was said, this entire operation is called border exchange, organizations from all of Poland take part, and not just the Soviet republics which adjoin our country. In addition to the Ukraine, Belorussia and Lithuania, the list of partners also includes Latvia, the Russian Federation, and Moldavia.

The General Consumers Cooperative in Biala Podlaska, for example, has several partners from Brzesc. They include a trade organization, a cooperative, an agri-industry combine, and a restaurant. Lodz maintains contacts with one partner, but it obtains turnovers amounting to 560 million zlotys (last year). Przemysl has two partners in Lvov. Furthermore, we are talking here only about Spolem organizations. Other organizations also conduct exchange in this same area.

The list of exports, arranged by Spolem organizations, mainly consists of the same goods which were mentioned in the overall list: Cosmetics—principally from Polonia firms, arts and crafts products, some ready-to-wear, baked goods, and candy. Imports are made up of pots and pans, vacuum cleaners, refrigerators, sometimes television sets (increasingly fewer), ceramic tiles, musical instruments, bed linens, and toys.

On the whole this exchange is beneficial for both sides. It enhances the amount of producer goods in Polish and Soviet shops. Thus this form of trade expands and according to preliminary estimates, this year it should be approximately 10 percent greater than last year.

Perhaps the most important barrier to the expansion of this exchange is the shortage of goods on both sides. A surplus, which can be sent to a neighbor, is more and more scarce, even if an interesting equivalent can be obtained in return. But resourceful traders can always find goods which can be bought and sold, and this is precisely the advantage of direct, flexible contacts.

Another difficulty is the high inflation in Poland: Prices of goods in our country are rising rapidly, which also complicates the settlement of accounts with foreign partners.

The differences in Polish and Soviet standards is also an obstacle. For example, according to Soviet regulations,

the shelf life of canned fish is 3 years, while in Poland the fish must be consumed within a year. Additional, immediate protocols are indispensable therefore, if these canned fish are to be sold on the Polish market. There are divergencies also in certifications on electrical products—this, too, must be agreed upon. Sometimes there are sharp clashes with large-scale foreign trade, on the national level—for example, in the purchase of potatoes in regions bordering the USSR. But a kind of competition arises among different trade organizations, in which the most flexible win out, and this is good.

The phenomenon of border exchange is not confined simply to trade. The restaurant business also establishes direct cooperation. Ethnic foods are offered and there is an exchange of cooks and waiters. There is a similar development of cooperation in the food industry and an exchange of bakers and pastry cooks is arranged.

As a consequence, nontrade ties also develop naturally. An exchange of vacationing and camping groups begins among the cooperating organizations.

Thus far, a direct exchange of goods between domestic trade enterprises based on a signed agreement exists only between Poland and the Soviet Union. Some initial steps in this direction have also been taken involving Poland and the GDR. Five Spolek organizations from Szczecin, Wrocław, Gorzów Wielkopolski, Zielona Góra and Koszalin are conducting trade with GDR partners, but within closely defined limits—12 million marks a year.

However, there is no such type of border exchange with Czechoslovakia or Hungary, although it is certain that not just Poland would be interested in developing it.

The thesis, already gaining acceptance in CEMA, is being confirmed here: Certain endeavors should be undertaken without having to obtain the agreement and participation of all CEMA members. Bilateral or trilateral agreements may also be valuable. And of course, the more CEMA-member states adopt these useful, proven forms of cooperation, the better.

Price Structure 'Obstacle' to USSR Food Cooperation

26000503a Warsaw *RZECZPOSPOLITA* in Polish
8 May 89 pp 1, 2

[PAP report on remarks by Deputy Premier Kazimierz Olesiak, minister of agriculture, forestry and food management, following return of Polish economic delegation from talks in USSR: "The Development of Cooperation in Food Management"; first paragraph is *RZECZPOSPOLITA* introduction]

[Text] On 7 May, a Polish economic delegation returned from the Soviet Union. A PAP reporter interviewed Kazimierz Olesiak, deputy premier and minister of agriculture, forestry and food management regarding the scope of the just completed talks and their results. "The

Polish delegation visited the Soviet Union at the invitation of the Soviet government," said K. Olesiak. "The purpose of the visit to Moscow was to make a periodic, concrete assessment of the implementation of the agreements signed earlier and to review Poland's cooperation with the Soviet Union in the field of agriculture and throughout the food management complex. We are well aware of the importance to Poland of the large, but more and more demanding Soviet market.

"We are interested in developing export to the Soviet Union of such items as vegetables, fruits, and flowers and in importing food items that we do not produce such as grapes, wines and sunflower seeds. We are also interested in the creation of joint enterprises for processing agricultural raw materials."

K. Olesiak stated: "Recently certain obstacles have arisen to hamper the further rapid development of cooperation in the field of food management that will profit both countries and their societies. The problem of the proper price structure in the commodities exchange of agricultural-consumer goods must be solved immediately. A second barrier relates to the issue of the clearing of accounts in the creation of joint farm processing enterprises and during their operation.

"These issues were covered in a meeting with Vsevolod Murakhovskij, first chairman of the USSR Council of Ministers."

"The talks," said K. Olesiak, "were very specific, but they were still difficult. Deputy Premier V. Murakhovskij shared the view presented by the Polish side that, where commodities exchange is concerned, the best solution would be to base trade transactions where commodities exchange is concerned on contract prices.

"Both sides also agreed that the problems that have arisen must be attacked promptly so that cooperation in the field of food management is not hindered. Thus, Polish and Soviet experts will meet over the next 2-3 weeks to work out financial questions. These talks will be held in Warsaw. K. Olesiak emphasized: "The Soviet side gave high praise to the stay in Poland of the first group of Soviet farmers, who became familiar in detail with the operation of our private farmers. The development of such cooperation was discussed. We are awaiting the arrival of a second group of Soviet farmers. The interest in the exchange of exports and farmers is understandable, since more and more collective farmers and state farmers are shifting to the tenant farming system.

"The possibilities opened up in recent years likewise have enabled us to enter into direct cooperation with the Moldavian Republic in the field of agriculture and food management. During talks with Ivan Kalin, chairman of the Moldavian SSR, a preliminary outline was made of the problems associated with the development of the concept of cooperation between Poland and Moldavia. During the talks, both sides manifested great interest not

only in the commodities exchange but likewise in the creation of joint enterprises and in coproduction development, as well as in the exchange of technical and technological know-how. For example, it was determined that the Interpegro Foreign Trade Enterprise would enter into cooperation with Moldavian farms. Polish specialists will help to develop the cultivation of mushrooms in this Soviet republic. On the other hand, our enterprises are interested in the purchase of grapes, wines and champagnes on that market. Perhaps a store stocked with Moldavian products will open in the near future in Warsaw or Poznan. We also have been assured that that republic will present its economic potential and export possibilities at a separate exhibit at this year's Polagra International Agricultural-Industrial Trade Fair in Poznan.

"In general, we anticipate a considerably richer assortment from the Soviet Union at this year's Polagra fair than we have had in the past."

K. Olesiak stated: "The status of border-area cooperation between the Lvov district and the Rzeszow, Krosno and Przemysl voivodships was also evaluated. The directions for the development of such exchange were established. The authorities and residents of Lvov would like to have firm stores of Polish farm enterprises and organizations."

CZECHOSLOVAKIA

CSR Deputy Minister Views Measures To Prune Bureaucracy

24000135a Prague RUDE PRAVO in Czech
25 Apr 89 p 3

[Interview with Antonin Elias, Deputy Minister for the Interior and Environment of the CSR, by Igor Sirota: "How to Get Rid of Paperwork"; date and place not given; first paragraph is RUDE PRAVO introduction]

[Text] Cabinets chock full of copies, guidelines, instructions, and directives preset very common views whenever you enter offices of the executives of national committees. Sometimes papers act as barriers that repel all initiative and prevent all flexibility in dealing with citizens' affairs. Decision of the CSR government No 335 of 1986 set up the goal of "shrinking" those heaps of copies and instructions. The Czech government recently discussed the results of reducing bureaucratic laboriousness in national committees, which we discussed in detail with Antonin Elias, the CSR deputy minister of the interior and environment.

[Elias] I shall begin with that pile of internal directives, instructions and guidelines of which 962 applied for national committees; however, the ministries had to prove that each of them was absolutely vital, and thus, today 52 directives remain in force and so, more than 95 percent of them have been rescinded.

In the second stage which just ended the ministries themselves reexamined the justification of their general binding legal regulations and abolished 744 out of 2,193. Most cuts affected culture where out of 784 regulations only 291 remain valid. Nevertheless, this should not be overestimated, because in many instances regulations were only combined. Next on the "scale" of reductions were the sectors of the Ministry of Agriculture and Food, the administration of mines, and the Ministry of Finances, Prices and Wages. However, there is another "but," namely, in most cases the revoked legal regulations were already outdated.

[RUDE PRAVO] We are speaking about sectors, but doesn't this chain begin with the government? At the most recent meeting of the government it was mentioned that in many instances the paperwork already begins with the government's decisions.

[Elias] Restructuring requires that our administrative officials tackle the solution of fundamental issues and curtail peremptory interventions. For example, the CSR government is currently adopting annually more than 300 decisions which in turn obligate the sectors and national committees to adopt and implement their own measures; thus, for instance, decision No 243 of 1988 on the concept of environmental protection contained 168 tasks for various agencies, which had to be fulfilled, supervised and coordinated. So how many measures, decisions and papers on a single problem does this generate? I am telling you this only to show you that cutting down bureaucracy does not mean merely decreasing the number of instructions. The decisive problem is to get rid of our method of working by administrative order, and that depends mainly on national committees.

[RUDE PRAVO] To state only that nearly half of the generally binding legal regulations issued by sectors for national committees have been cancelled—that would tell only half the truth. The other half is that bureaucracy and paperwork still proliferate in our national committees. When will that change?

[Elias] This is an ongoing process on every level, to which we must keep returning. After the transition to the new economic mechanism, when the achievements of restructuring are quite obvious, our enterprises and national committees on the basic level will be more independent in their decisionmaking. That means that they will be more responsible and that bureaucratic interventions by higher authorities will be eliminated and with them, also a lot of needless paperwork.

[RUDE PRAVO] Of course, this is the objective, but how about the current situation and the outlook for the future?

[Elias] I mentioned the cuts in the number of regulations. Naturally, this is evident in the operations of national committees, but that is not enough. All we have done is

to take the first step. For that reason, our government instructed its members to continue to prune administrative work in conjunction with preparations for new legal amendments. In other words, our ministry which coordinates the drafting of the regulations pertaining to operations of national committees, cannot permit new regulations to start new paperwork. That, unfortunately, was our experience. The order of the Federal Ministry of Agriculture and Food, which has been in force since January, implements the law on agricultural taxation. When that order was approved, the sector gave assurances that it would not require any paperwork. And the reality? In the Vyskov okres alone the national committee must invite about 3,000 citizens for formal discussion of the whole matter. I am not speaking about the objective problems with the enforcement of that order. And so, sometimes new orders generate new bureaucracy. This really cannot be tolerated and therefore, our work has not ended with the announcement of the number of cancelled regulations.

[RUDE PRAVO] The issuing of many certificates to citizens has been abolished, but why do our citizens still have to go to national committees to apply for certificates?

[Elias] The amendment of the law on national committees stipulates that national committees must certify various facts in writing only if the generally binding legal regulations so require. Enterprises and organizations have failed to comply and keep demanding certificates from individuals, and national committees keep issuing them because otherwise they would create problems for the parties.

[RUDE PRAVO] Well, how can the situation be changed?

[Elias] Public opinion and communications media must play a meaningful role. Those who make people's life miserable must be publicly identified. Our ministry intends to set an example of that. We shall publicize and deal with such cases in national committees.

This, plus consistent procedures by national committees, will certainly change the situation. Furthermore, the government reminded its members of their duty that organizations in their charge must not demand unwarranted certificates.

[RUDE PRAVO] Another task that is not being fulfilled thoroughly enough is computerization of national committees.

[Elias] There are several reasons for that—from the short supply of computer technology, through the difficulties in acquiring appropriate programs and training operators, up to the lack of interest on the part of some national committees. However, an example of the advantages of computerization has been demonstrated

by the South Moravia Kraj which systematically introduces small computers in every okres national committee and in some of the municipal national committees and local national committees. For instance, the local national committee in Brtnice will operate a minicomputer with 9 programs, which will not only save the officials 80 percent of time, but will also help the deputies and citizens.

[RUDE PRAVO] Thank you for the interview.

HUNGARY

Agricultural Reform: Land Ownership, Decentralization

25000262 Budapest MAGYARORSZAG in Hungarian
12 May 89 p 25

[Interview with Dr Janos Eleki, chairman of the Agricultural Cooperatives National Council, by Nandor Keresztényi: "Between Two Conferences"; date and place not given]

[Text] Debates on land [ownership], debates on the [agricultural] cooperatives, debates on representing the peasantry's interests. It is impossible to even list the many subjects that arise at meetings of the various political parties and organizations in the process of their formation, where also the comments of the MSZMP find expression. That was the case also at the Journalists National Association recently, where the Hungarian People's Party, the Hungarian Democratic Forum, the Union of Free Democrats, and the Hungarian Socialist Workers Party each fielded an expert on agricultural affairs to expound their respective concepts of the peasantry's future. (Only the Smallholders and the Social Democrats, although invited, failed to send their speakers.)

Congress of Agricultural Cooperatives

On this same subject we interviewed Dr Janos Eleki, the secretary general of the TOT [Agricultural Cooperatives National Council], an expert of national renown on agricultural policy. He is 50, former chairman of the agricultural cooperative in Mezokovacsza, and former deputy minister of agriculture and food. He has been in his present position for the past eight years.

[MAGYARORSZAG] The national conference held late February decided to advance by two years the date of the Congress of Agricultural Cooperatives, and to schedule it for next December.

[Eleki] We have ample reasons for doing so. The stresses that have arisen during the past three years within agriculture, including the agricultural cooperatives, are so great that our members' impatience is understandable. It became clear to us already in the first half of 1988 that we have to identify as quickly as possible the points of escape from the vicious circle, and to bring to the

political leadership's attention the causes that have brought us to where we are: the lag in peasant incomes, the constant widening of the gap between farm prices and the prices of industrial products, etc. Regrettably, not even the agricultural administration had assessed these causes realistically, and its failure to do so produced a negative backlash. Therefore the agricultural administration has reviewed its standpoint and admitted that, putting it mildly, it was misleading to keep stressing the favorable physical indicators, while forgetting to mention the sharp rise in costs. Well, the Bekes County letter that appeared in the daily papers, the appeal of the county association of agricultural cooperatives, was the push that made also the wider public aware of the situation and led to holding the national conference in late February. This, of course, does not mean that we here at the TOT were unaware of the developments and did not do everything we possibly could to remedy the situation. We now realize that it was a mistake to do this behind the scenes. More openness would have made our standpoint clear even sooner.

[MAGYARORSZAG] Perhaps the most spectacular contradiction is that the principal activity—in other words, crop production, and livestock production based on crop production—yields a return of merely 5 or 6 percent, while the interest rate on loans is already 20 percent. This means that there is no crop or species of livestock that could be grown or raised profitably under these conditions.

[Eleki] Yes, and if things continue like this, then perhaps the supply the food stores have to offer might not be what Hungary's population has become accustomed to, at least in the post-1957 decades. The explanation, nevertheless, goes back farther than that year. For there have been two kinds of price system in Hungary ever since 1946: a particular price system for agriculture, and another price system for everything else. The consumer prices of food products have always been, and still remain, a political issue. The prices displayed in the stores were not cost-commensurate or market prices, but prices determined by the policy on food prices. The situation was the most serious in the early 1950's, but there was command planning in agriculture also in the 1960's. The district councils told the farms what to plant, on how large an area, and on which plots—regardless of the natural conditions. This has been relaxed as a result of reform, which has even boosted, and gained international recognition for, our peasantry. But this momentum, and the financial opportunities fueling it, lasted only 20 years. Then the decline began, the crisis in agriculture.

Equal Opportunity

[MAGYARORSZAG] But between 12 and 13 billion forints of the agricultural cooperatives' debts was written off in 1968, and that too has helped to start with a clean slate. Similar assistance would probably come handy also now.

[Eleki] It would come very handy, indeed, for at least 200 agricultural cooperatives. The usual counterargument is: Why do we never mention also our subsidies when listing our problems? Because the time of subsidies is long over, and we are not living at a time of payments into the state budget. Moreover, the agricultural subsidies were not adjusted to the market mechanism but were always a function of the changes in thinking, of the changing political mood. Because food prices are fixed, it is not possible to pass on the rising costs, and the system of agricultural procurement functions accordingly. The prices of the industrial products we buy, on the other hand, are running away. It does not take any profound knowledge of economics to ponder what these whip lashes are leading to. Therefore we are demanding that, instead of just paying lip service to equal opportunity, there be real equal opportunity—or neutrality in competition, if you prefer—also for agriculture, with pricing and other things.

[MAGYARORSZAG] There is also talk of another distribution, or at least reallocation, of farmland. At the same time, amazingly, farmland has no price. Yet, as our most important production factor, farmland ought to be included in pricing.

[Eleki] Let farmland have value and be priced, and let it be a cost factor that is included in the pricing of farm products. That is an entirely reasonable demand. But the weakest link of agricultural policy is the theoretically recognized, yet in practice very faltering, system of farm and food production's vertical integration, due mainly to the rigid separation of state ownership. It is a mistake to assume that financially, by selling shares, the cooperative movement could be sufficiently strong to fight its way into that vertical integration. In my opinion, the food industry ought to be integrated debt-free into the farming organizations. A good example in the Kalocsa paprika factory, which operated at a constant loss until it was integrated into the Kalocsa Agroindustrial Cooperation. Since then, linked with the interests of the paprikagrowers, the plant has been eminently prospering. Then why is there so much unnecessary caution in other cases?

Legislation

[MAGYARORSZAG] It was said in the aforementioned debate at the Journalists National Association that the gap between farm prices and the prices of industrial products would not be so wide if the behavior of the TOT and of the county associations had been bolder and more principled. Is there any future at all for the TOT?

[Eleki] It is now easy to brood in retrospect over what we should have done differently. Perhaps we have not always been sufficiently consistent. But did not the trade unions become—or were able to become!—more radical just during the past year or two? Thus there are many things we could blame on the general political climate, but let us now look toward the future instead. Well, the TOT in its present form will cease. That much is already

obvious. We are still debating what should replace it. But the requirement is gaining general acceptance that it would be better for the agricultural cooperatives, state farms and private farmers to belong to, and articulate their interests through, one and the same organization for the representation of their interests. We have the personnel and technical expertise to undertake helping the agricultural and food-industry associations that will be formed from below. Their umbrella organization would be the National Association of Farmers and Cooperative Members. For its operation, we believe, a law on representing the members' interests ought to be enacted as soon as possible, with rights similar to those that the trade unions will eventually have. Two kinds of interest representation will be necessary: the representation of business interests and of the members' interests respectively. In the former would belong the aforementioned agricultural and food-industry associations, which would coordinate the entire chain of producing a given farm product, from seed or breeding stock to foreign marketing. The existing regional associations could handle the general representation of interests, and could offer services such as business, tax and financial consulting. Small farmers and state farms would form separate associations of their own. The Hungarian Farmers Association would represent individual interests. The members and employees of agricultural cooperatives, private farmers, and state-farm workers would belong to it.

Questions Yet To Be Clarified

[MAGYARORSZAG] State farm workers have voted for a Chamber of Agriculture.

[Eleki] We are not against a Chamber of Agriculture. But if one looks around in Europe, it is obvious that the chambers of agriculture are performing state tasks, ranging from various standards and grading, through the organization of further training, to providing management services. Parallel with the chambers of agriculture, however, the associations of farmers or peasants are also being retained as strong interest-representing organizations. In other words, the chambers of agriculture are decentralizing the ministry's centralized administration of agriculture. But such organization from above is not our objective. Therefore the details of our reorganization have yet to be clarified. In solving these details, we are receiving considerable help from the now ending meetings of delegates that the county associations of agricultural cooperative have been holding.

Holding Company Established to Resolve Ownership Dilemma
25000241a Budapest HETI VILAGGAZDASAG in
Hungarian 29 Apr 89 p 9

[Interview with Janos Krokos, First Hungarian Holding Company Inc. President, by Gyorgyi Kocsis: "Budapest Holding Inc. Established"; date and place not given]

[Text] The First Hungarian [Domestic] Assets Management Company, or to make it sound better: Budapest

Holding Inc., was established in the middle of April. The new type business organization has 60 million forints in base capital. The State Insurance Company, the Budapest Bank, the Industrial Development Bank, the Hungarian Credit Bank, the Hungarian Foreign Trade Bank and the Ministry of Industry each contributed 10 million forints. Janos Krokos is the new company's president. He exchanged his post as division director in the Ministry of Industry for this assignment. This interview is with Krokos.

[HETI VILAGGAZDASAG (HVG)] In the somewhat archaic designation of the company, what should we understand by "First" and "Assets Management"?

[Krokos] Disregarding the "Medicor-type" enterprise asset centers that came about in the course of last year, ours is the first organization independent from both the state administration and the productive enterprises themselves. It is an organization interested solely in the profitable investment of others' assets and in making profits. We intend to deal mostly with the state share of assets within enterprises which change into corporations after the enactment of the law on transformation.

[HVG] Many in professional circles believe that the main obstacle in the way of making corporations out of state enterprises is that no institution that embodies the ownership rights of the state has come about. Would you be the missing link in the chain?

[Krokos] No, according to present plans what you have in mind would be a state organization with a small number of employees. On the basis of an agreement similar to a lease agreement, they would transfer to us, and hopefully at the earliest possible date to our competitors, the exercise of rights attached to state assets. This would take place by our taking over or purchasing that portion of stock which represents the founding capital of the industrial enterprise converted into a stock corporation. In case of such transfer we would agree with the state, or, with the state assets management organ, if that is established, as to what they expect us to do: for example to sell that parcel of stock abroad for a given amount, or to pay the state a definite dividend out of the firm's profits. The realistic conditions for such agreements would evolve in the capital marketplace if more holding companies like ours were to be established. If necessary, we would reorganize an enterprise, merge or break up enterprises, or appoint managers not afraid of implementing drastic changes—even layoffs. It could also happen that for a certain negotiated amount we would purchase the parcel of stock owned by the state. We would accomplish this by borrowing funds, of course. Quite naturally, the real value of such stock would also be measured by the marketplace.

[HVG] Your starting point is that the state, according to its liking, creates corporations out of enterprises, and then, according to its liking, entrusts the state share of assets to various management companies, even though thus far state enterprises, as well as enterprises directed

by enterprise councils decided for themselves whether they want to become stock corporations, and it did not even occur to them to entrust their assets to alien organizations.

[Krokos] In my view, it is precisely this dangerous tendency which must be stopped. Notably: That today's enterprise presidents simply expropriate state assets and ownership rights represented by stock without establishing any performance requirements. The establishment of so-called managing enterprises is both a legal and economic absurdity. Think of this: If an enterprise council were to decide that it sells 100 percent of an enterprise, the buyer would own both the enterprise and the money paid for as purchase price, because that money reverts to the enterprise. Or, if the enterprise council decides to sell its share held in an enterprise which was converted into a stock corporation, the money would belong to the enterprise council even though the enterprise council is not the owner. On the other hand, enterprise managers are not interested in selling majority control in a stock corporation because that could result in their dismissal, except in a peculiar situation where there is a the good manager who does not have to worry about that. Similarly, it is no coincidence that thus far enterprise councils have not dismissed a single president on grounds that the firm did not produce an appropriate level of income. Namely, the income of enterprise council members is tied to their positions, while a really good manager would dismiss them. I am convinced that, for example, foundry workers should not decide the fate of the foundry industry, nor should ship yard workers decide concerning ship yards and textile workers concerning textile manufacturing. Such decisions should be rendered by an outside owner detached from a position held at an enterprise, or by a contractual representative of an outside owner.

[HVG] According to what you say then, before transforming autonomous enterprises into stock corporations they should be renationalized.

[Krokos] However unpopular this may sound: yes, before the present managerial stratum puts its hands on stock owned by the state, without establishing performance requirements. At present, however, there is a need for a governmental decision before returning enterprises managed by enterprise councils under state supervision. Rumors are that some would like to hand this authority to Parliament. I believe that this would be a huge trap for democracy.

[HVG] Why do you believe that your holding corporation, rather than individual ministries could manage enterprise assets better?

[Krokos] Because we will comply with performance criteria established in the course of competition, our income is not determined by the position we hold at an enterprise, but instead depends on the profitability of the "managed" enterprises, and thus we will be forced to

make needed changes "without mercy," alternatively we will sell the stock. But I will grant you that our organization will not be able to compete with the strong motivation implicit in private ownership.

[HVG] In one of his statements not too long ago the party executive secretary said that in his view private property in Hungary will represent one third of all property, at most. It appears that for the operation of the remaining two-thirds hundreds of specialists will be condemned to "sweat out" some artificial structures, even though in a large part of the world the profitable operation of capital "has been invented already." Don't you think so?

[Krokos] Indeed, the Hungarian economy must reach the point where it has a proprietary structure like the one that characterizes the most developed economies. It is unlikely that we could be competitive with any other proprietary structure. Therefore, however surprising this may be, we want to work on transferring little by little a significant part of the assets managed by us into Hungarian or foreign private ownership.

Current Trade Balance, Government Attitude Reported

25000241b Budapest HETI VILAGGAZDASAG in Hungarian 29 Apr 89 pp 51-52

[Unattributed article: "Foreign Trade Conference: Government Renders Instant Decisions"]

[Text] Even if Hungarian enterprises were forced to purchase from time to time the indispensable products manufactured by other Hungarian enterprises from the West and for dollars, the 1988 foreign trade record reflects a success not seen for decades, according to commerce state secretary Imre Dunai. But data for the first quarter of this year are by far not so encouraging.

More than 200 foreign traders spent last week at Balatonfoldvar at a conference organized by Macon, a Hungarian-Finnish advisory and management consulting joint enterprise. There were some who wanted to hold the Hungarian cabinet responsible for the fact that work permits are issued to foreigners with difficulty in the FRG, but there were some who could not even understand why foreign owners of joint enterprises should be permitted to transfer their profits to their countries. Most participants, however, did not journey to Lake Balaton in order to find some relaxation: They not only listened, but also paid attention to the presentations.

Above all they paid attention to state secretary Imre Dunai, according to whom for the past two or three decades Hungarian foreign trade has not been as successful as it was last year, with a 500 million dollar surplus created by a 20 percent increase in exports and a mere 2.8 percent increase in imports (in convertible currency). It was revealed that thus far this year's data are not so encouraging. During the first quarter both exports and

imports subject to dollar-based settlement expanded by 6 percent each, and within that in March the rate by which imports increased was double the rate by which exports grew. And insofar as "bookings" are concerned—i.e. sales agreements established for future delivery—imports increased by 15 percent while exports expanded only by 3.5 percent as compared to 1 April 1988. Just as last year's outstanding export performance could be attributed to a boom in foreign markets, Hungarian exporters, as, for instance light industry exporters, sense the signs of an approaching recession.

The main purpose of devaluing the forint twice was to provide an incentive for capitalist exports and to make imports more expensive, according to Dunai. The state secretary denied that the 11-percent loss on exchange rates accumulated during a barely more than a three week period represents the beginning of the "zlotyzation" of the forint. Moreover, as he said, devaluation, and other less popular measures do not even suggest hasty measures by the government. "Until recently, whenever we saw unfavorable data we said that the first quarter is not indicative, let's wait and see the second quarter results. Under such circumstances it was August by the time we could see the whole picture, and then we said that no possible action could affect that year's results, so let's include the action into next year's plan," Dunai recalled the practice followed thus far. He then added that at present the government is endeavoring to achieve instant reaction. "The government acts instantly as soon as the dangerous character of a trend becomes obvious. It does not act in haste, it acts consciously."

In Dunai's view inflation in Hungary is still manageable. According to him the sole alternative to unpopular, rapid measures would be to accept an inflation rate of several hundred percents as well as several hundreds of thousands of unemployed, just like in Poland or Yugoslavia. Several persons argued with this statement demanding the establishment of an incentive strategy which would invigorate enterprises, instead of a tight money policy.

The question was raised whether devaluation would result in the continued survival of the outdated production structure, similar to the effect produced by the billions of forints spent earlier on export subsidies. The state secretary's argumentative response was interesting: If at one time the anti-inflationary policies proved to exert a conserving effect—between 1971 and 1984, as compared to 18 capitalist countries only Switzerland and the FRG had lower inflation rates than Hungary—why should a reduction in exchange rates have the opposite effect? Subsequently several persons remarked that although they did not know whether the weakening forint served as an obstacle to changing structure, it was certain that the high value of the dollar rendered the sale of less efficient products more economical, and despite import liberalization, rendered the importation of modern equipment more difficult.

Those present expressed a need for some kind of ruble liberalization, except that in this case liberalization would apply to exports only, and not to imports. The state secretary indicated that relaxing the enterprise profit requirements also in regard to socialist foreign trade is being considered. But since central measures could not guaranty the reduction of exports subject to settlement in rubles along with this kind of liberalization, the sellers could obtain the forint equivalent of the ruble purchase price only if another enterprise wanting to import something would purchase the rubles on the foreign exchange market at current rates.

[Box p 52]

Europe Is Far

Approximately 30 percent of Hungary's foreign trade is with the Soviet Union, and 20 percent with European Common Market member nations. Reversing this ratio within the next few years is both expected and desired. The first step by which this reversal can be accomplished is by taking advantage to the fullest extent of the opportunities presented by the bilateral agreement signed on 26 September with an effective date of 1 December [1988].

The agreement provides for the discontinuation of remaining quantity limitations on Hungarian exports. This should be accomplished in several steps by 1992, or by the end of 1995 at the latest. "These limitations may be abolished earlier, according to the wording of the agreement. The Ministry of Commerce is doing everything possible to accomplish this," according to Commerce Ministry deputy division director Sandor Szabo. They are also urging the establishment of a supplemental agreement to cover products under the jurisdiction of the European Coal and Steel Union. In October a delegation of Common Market businessmen will visit Hungary, primarily in order to familiarize themselves with operating capital investment opportunities.

Some progress can be seen in the most sensitive area of Hungarian food industry exports. For example, both parties intend to agree on the protection of wine, and to produce a related trade agreement. In Brussels a delegation headed by agriculture deputy minister Jenő Rednagel 10-12 April was told that on the basis of mutuality, the Community would facilitate the importation of several Hungarian agricultural products.

Even though this is only a possibility, Szabo attributes great significance to this matter, because in the history of Hungarian relations with the Common Market this is the first time that truly encouraging discussions were held concerning the exportation of food products. As a next step, Hungarian enterprises must prepare themselves for 1992—the year of European integration. Signs indicate that thus far, from among Hungarian businesses only those engaged in training and education have discovered the significance of a unified European market. These

signs appear in the form of an increasing number of conferences whose chosen topic is the relationship between the European Community and Hungary.

Last week the Professional Continuing Education and Retraining Enterprise did just that. But the presence of publicly known experts among the speakers was in vain; the enterprises showed a remarkable lack of interest. At least one third of the applicants—about 60 enterprises—were able to afford to pay their dues and not to send anyone to the conference.

4-Billion-Forint Special Excise Tax Probed
25000208c Budapest FIGYELO in Hungarian
13 Apr 89 p 18

[Interview with Finance Ministry division head Dr Mrs Kalman Simoka, by Peter Felix: "Special Situation: Who Pays the Four Billion Forints?"; date and place not given]

[Text] One of the Council of Ministers decrees that went into effect on 1 January 1989 outraged enterprises, and mainly the commercial enterprises. The decree provides for an excise tax on income derived from special situations, from natural, production, or commercial circumstances. From a practical standpoint, this legal provision is part of the decisions intended to guarantee a balanced budget under any circumstance. But what does the term "special situation" mean, and what determines the rate of excise? Among other matters, this was the topic of our discussion with Dr Mrs Kalman Simoka, the division director having jurisdiction over this matter at the Ministry of Finance.

[FIGYELO] What justifies the introduction of this measure?

[Simoka] You will certainly recall that the National Assembly debated three versions of the 1989 state budget. As it is known, Parliament adopted a fourth version, which increased the 62.9 billion forint Kutefa [expansion unknown] fund contained in Alternative No 1 by 4 billion forints, consistent with statements contained in Alternative No 2: "...budgetary revenues may be increased by at least 4 billion forints, by discontinuing price differentials which are not justified in other branches of the people's economy, and by more consistently following world market prices."

Paragraph 7, Section 2 of Law No 2 of 1979 concerning state finances provides authority to provide specific meaning to the 4 billion forint increase in budgeted revenues. According to this law, it is incumbent upon the Council of Ministers to establish rules governing the payment of such funds. Income derived from special situations, natural, production, sales or commercial circumstances are deemed to be such funds according to Subsection (b), Section 1 of Paragraph 7.

[FIGYELO] I do not believe that when Parliament voted for the fourth alternative it had in mind holding enterprises for additional ransom. This is even more so because since 1988 many laws have prohibited the institution of excises that have the character of taxes at levels lower than laws.

[Simoka] We considered several possibilities, we reduced the expense budgets of councils, institutions and of the military. In the end there remained one alternative: We either make the population pay the 4 billion forints directly, or we take the same amount from entrepreneurs.

[FIGYELO] I would argue with your statement that these were the only choices available, although undoubtedly you had not much time to search for new resources because of the delay in the passage of the budget law. In any event, I feel that one can find stunning waste in a number of areas, and that you could have figured out a solution which has better economic foundations than this one.

[Simoka] You are certainly correct insofar as waste is concerned. Responding to the other part of your question: It is possible that this would not have been the only solution, but if you think of it, this measure is not at all unjustified. Last year some extraordinary large income was accumulated in certain affected branches, such as in clothing, mixed goods, enterprises wholesaling means of production, and in chemical firms. Producer prices were reduced in the course of the changeover related to the 1988 tax reform, and at the same time taxes on assets, accumulation, wages and earnings were discontinued. As a result of such tax reductions wholesale costs must be necessarily reduced, but similarly the profit margin and the volume of profit must also go down.

Our action was based on the idea that the income position of enterprises would not change fundamentally as a result of the changeover. The 1988 calculations were based on a projection of 35-36 billion forints in profits in commerce. In contrast, it has become clear already during the fourth quarter of 1988 that combined profits in foreign trade and in domestic commerce would reach the 45-46 billion forint level. Thus, because the rest of the conditions were left unchanged, profits exceeded planned levels by far.

[FIGYELO] The chairman of the National Pricing Office said that he was opposed to the proposed law already during its preparatory period, and that he accepted it only because the cabinet prescribed that he do so. Namely, according to him, if the inflationary sales revenue increment of the affected enterprises is not dishonorable—and this cannot be regarded as dishonorable—then there is no real reason to skim the cream off the top.

[Simoka] No one says that these profits are indecent. Had that been the case, the National Pricing Office

would have initiated proceedings based on the law prohibiting indecent economic activities. This legal provision was needed because the enterprises in the branches listed in the law acquired extra income on the basis of their actual market situation, and not as a result of increased efficiency. I have in mind here specifically monopolistic situations, the dominance of free pricing forms, the lack of market constraints, disinterest in price bargaining, and the well known fact that wholesalers, in general, are far less cost and wage intensive than, let's say retailers.

[FIGYELO] Despite all this, the legality of the decision is questionable. True, the law concerning state finances provides an opportunity for the state to obligate firms experiencing special situations to make special contributions. At the same time, however, this can also mean the frustration of the law on entrepreneurial profit taxes. It is hard to decide in regard to such a broad requirement, just who, when, and to what extent is in a special situation. In this respect, for all practical purposes the Finance Ministry enjoys a free hand. Aren't you concerned that the regulatory system will further strengthen the legal uncertainty of business organizations?

[Simoka] "Special situations" are not determined by the Ministry of Finance, they are determined on the basis of facts. Thus far, the affected enterprises made quite a good living by taking advantage of emerging opportunities, and without any particular effort. I do not think that it is debatable that subordinate and specialized branches obligated to pay have earned substantial inflationary profits.

I must also note that we are not talking about a brand new measure, because so-called commercial taxes did apply to domestic commerce between 1975 and 1980, and in regard to foreign trade they were in force until 1987. The justification and the projection of that tax was the same as what you find in the Council of Ministers decree you complain about. In addition, the foreign trade branch, also included among those obligated to pay, has paid for years five percent more than the standard 40 percent profit tax, precisely because of the extra profits it accumulated. Accordingly, this decree had as its intent to reduce the level of additional income earned without accomplishments.

[FIGYELO] Don't you believe that it is a bad approach to view a firm let's say as a wholesaler on the basis of a statistical classification? In this way, mixed profile, but largely wholesale enterprises would have to pay this tax also after their retail activities, although even you do not consider retail as an area in a special situation.

[Simoka] I have no authority to respond to the first part of the question because the classification of branches fortunately is not the Finance Ministry's job. I'm glad though that you asked the second part of the question, because I will be able to clarify a misunderstanding. It is true that the measure did not provide for an obligation to pay on the basis of activity, but instead, on the basis of classification. Had we chosen the first solution, we

would have obligated certain firms which did not earn surplus income to make payments. Thus, for example the authority of the law would have covered also the wholesale activities of otherwise noncommercial enterprises, even though such firms did not derive extra profits without accomplishments as a result of the transition related to tax reform.

Insofar as the tax base is concerned I can firmly state that mixed profile wholesale enterprises will have to pay these taxes only after their wholesale activities, in other words we will not tax separately their retail and other activities. It is true that the Council of Ministers decree was not accurate because the exact definition of the tax base was left out of the published table, i.e., the references to financial reports. We will make appropriate corrections shortly.

[FIGYELO] What would happen if the state treasury's situation further deteriorated? Could it be expected that additional branches would be obligated to pay on grounds that this is a "special situation"?

[Simoka] I don't believe so, moreover, insofar as we are concerned we do not view the present measure as a long term regulatory element. Payment of these taxes will be discontinued as soon as some substantive progress is made in the functioning of the marketplace. Although enterprise pressure to rescind this Council of Ministers decree is very great, this is not a realistic expectation today, in my view. One must recognize the fact that revenues that would be lost by rescinding this measure would have to be obtained by regrouping resources which developed in other areas, or by placing an additional burden on the population. Accordingly, I feel that from among several bad possibilities we chose the smallest evil.

[FIGYELO] Aren't you concerned that added costs resulting from the obligation to pay will be conveyed by the affected firms to consumers?

[Simoka] Yes, we are. We can only hope that the market will function better than it did thus far, that price bargaining in the market place will gain strength and that in most cases consumers will not accept unjustified endeavors to increase prices.

New Postal and Savings Bank Reports Record 500-Million Profit

*25000195b Budapest FIGYELO in Hungarian
6 Apr 89 p 17*

[Article by Istvan Garamvolgyi: "Postal and Savings Bank Corporation Becomes Universal Bank With a Nationwide Network"]

[Text] Formed by 94 shareholders on 28 Jun 1988, the Postal and Savings Bank Corporation appeared on the banking scene at a time when the commercial and

specialized banks within the two-tier banking system already had established positions and clienteles, and when also the money supply's contraction was intensifying. Besides reviewing the bank's operations during its first, 6-month business year, the 1989 annual meeting of shareholders was also able to examine what headway in carving a niche for itself the bank had made since the middle of last year.

Formed with an initial capital of 2,229,500,000 forints, the Postal and Savings Bank Corporation may be assigned to the category of medium-size banks on the basis of its net worth. Its primary policy objective for its first, 6-month year in 1988 was to immediately begin both its lending and its borrowing business with commercial customers, and at the same time to prepare for holding enterprise accounts and accepting personal savings.

Characteristics of Bank's Lending

It was typical of the bank's lending that the amount of the average loan was 50 million forints, and its term was three months. This was in accord with the structure of the bank's loanable funds and helped to maintain the bank's stable liquidity. Short-term lending during the six months totaled 2.1 billion forints. Shareholders obtained 43 percent of the disbursed loans. Some of the shareholders obtained loans between 100 and 200 million forints, which were substantial in relation to the bank's initial loanable funds. The interest rates on short-term loans rose parallel with the central bank's discount rate or with the rates of interest paid on enterprise deposits, but followed the development of the cost of the bank's loanable funds. This is evident from the fact that the bank's initial interest margin of 1.5 to 2.0 percentage points remained stable throughout.

It can be attributed to circumspection in reviewing the applications for loans, and to selective lending, that it was not necessary to demand payment from guarantors or to sell the collateral securing the loans. All borrowers paid the installments on their loans on time.

In the first, partial year of its operation the Postal [and Savings] Bank concluded a loan contract with three commercial customers to finance development projects for the expansion of hard-currency export. One of the bank's shareholders obtained 315 million forints of the 776-million loan. During the six months, the Postal Bank concluded 41 leasing agreements. The value of the leased equipment was close to 300 million forints, and the bank's equity in eight business associations exceeded 80 million forints. Besides the expected return on its investment, the development of its business connections also played a role in the bank's decision to acquire an interest in the business associations.

In conjunction with starting its business activity, the Postal Bank developed a computerized system for managing its daily liquidity. The management of loanable

funds, and of the acceptance of deposits, is a part of this system. In its deposit business the bank established cooperation with two large insurance enterprises, and it was also able to borrow in the interbank money market, for terms longer than the typical startup period. The tapping of these relatively large sources of loanable funds provided suitable liquidity for the bank's short-term lending.

A high degree of concentration was typical of the management of the bank's loanable funds in 1988: The bank's 1.5 billion forints of total deposits comprised accounts averaging over 50 million forints. An indication of the bank's cooperation with its shareholders, and of the good relations between them, is the fact that shareholders provided more than four-fifths of the tapped loanable funds.

Use of Computers

The Hungarian National Bank opened the Postal Bank's giro account on 20 October, thereby making the Postal Bank an actual holder of [enterprise] accounts. Following the policy that the organization meeting had approved, the bank had planned to start holding enterprise accounts as of 1 Jan 89. Taking into consideration the need for training, the bank's management began to hold enterprise accounts—confined mostly to Budapest—already in the fourth quarter, using its local area network to update the accounts.

Computer technology, the use of computers, is an integral part of the Postal Bank's business on both the assets and liabilities side of the ledger [lending, and deposits and borrowing], and of daily posting as well. An outstanding result of using computers is the computer-assisted management of liquidity. The computer network and on-line connection are the foundation of the Postal Bank's giro system that operates differently from those of other banks. Once it is fully developed, this giro system will be able to execute direct transfers between accounts at a speed faster than what is now customary at commercial banks. Incidentally, computerization is an indispensable requirement and an essential tool of the centralized processing of personal savings-account transactions, begun in 1989. Processing based on a large-capacity computer makes it possible to monitor the daily movement of personal deposits.

Once incorporated and prepared to operate as a commercial bank with a nationwide network, the Postal and Savings Bank Corporation began to set up provincial directorates. The bank's management anticipates that, when the necessary conditions are in place, the Hungarian Post Office will also entrust the bank with account-holding tasks. Therefore the locations of the bank's regional directorates have been chosen to conform to the locations of the regional postal directorates. All of the bank's regional directorates were functioning by the end of 1988, and development of the network—the opening of local branch offices—has begun.

Profit Close to 500 Million Forints

For its first business year lasting only six months, the Postal and Savings Bank Corporation reported a profit of nearly 500 million forints, which is several times the 100-million profit that had been expected. This enables the bank to take fuller advantage of the substantial tax benefits a corporation may claim in its first year. In addition to declaring a 12-percent dividend, the bank is thus able to set aside about 340 million forints as surplus reserves. This not only preserves the bank's share capital, but also raises the value of the shareholders' equity.

The six months of the bank's first business year may be regarded as a vigorous start: A newcomer to the world of banking, still a specialized bank at that time, has advanced within six months from the category of middle-size banks to become, by virtue of its conferred rights and banking expertise, a universal bank with a nationwide network, combining the functions of a commercial and of a savings bank.

The bank's dynamic development merits a brief outline of its business policy for 1989, especially in terms of identifying the lines of business and the operations in which the bank anticipates significant growth.

The bank's lending will be primarily short-term also in 1989, and it will strengthen its credit relations first of all with its shareholders and among the enterprises whose accounts it is holding. The bank expects to start lending to small entrepreneurs as a new line of its business. It will continue to concentrate its investment lending on those development projects whose loans the central bank discounts. A general endeavor in the bank's lending will be greater diversification, by industries as well as regionally. Parallel with the number of enterprise accounts held, the granting of book credit will also be introduced.

The Postal and Savings Bank Corporation has begun to accept savings deposits from individuals this year and it will also start granting personal loans, foreseeably under three schemes. The bank's management anticipates that book credit will be the dominant form of lending to individuals.

Eger Experiment

Several new factors are affecting the management of the bank's loanable funds: The bank is accepting deposits from individuals as of 1 January; due to the growing number of enterprise accounts held, the balances of the giro accounts are increasing the enterprises' total deposits; and the expanding business activity of the bank's regional directorates is resulting in an increase of the provincial business customers' total deposits and of the deposit ratio. The Postal Bank intends to increase its total deposits by taking advantage of the opportunities that a large network offers, and by providing services of high quality. This year the holding of accounts will be expanded with additional services. These will include

foreign-currency accounts for enterprises, and foreign-currency accounts and BC [bills for collection] accounts for individuals. In Eger this year, in cooperation with the Hungarian Post Office, the bank will begin marketing electronic debit cards and will install the equipment necessary to support their use.

In transactions involving securities, the expansion can be expected of the purchasing of time bills, and also of the discounting of bills that plays an important role in the management of liquidity. Development of the bank's network will continue, in the course of which new branches will be opened by taking business considerations into account.

POLAND

Attempt to Halt Rumors on Liquidation of Gdansk Shipyards

26000515 Warsaw TRYBUNA LUDU in Polish
1-2 Apr 89 p 5

[Article by Tomasz Szymanski and Zbigniew Wrobel:
"Some Calm Talk About the Gdansk Shipyards"]

[Text] What do we know? We asked that question among ourselves.

That the matter of the liquidation of Gdansk Shipyards seems to have two lives. It is created by the real facts and events which resulted in the decision to liquidate the enterprise and also by human strivings, conflicts of interests, hopes, and reversals.

Much has already been said about the reasons that the shipyards have failed. The opposition says that politics are to blame because that is where Solidarity was born, while the government demonstrates that economic results decided the liquidation.

Less, however, is said about what is now happening in the shipyards. And after all, conflicting information keeps coming from the grounds of the shipyard. Some say that the shipyard would like to use the accomplished-facts method to circumvent the decision to liquidate. It is even said that this was to be a "Polish-style bankruptcy," meaning that there was no bankruptcy. Others say it is exactly the opposite: That delayed solutions to systemic problems and bureaucratic paralysis in Warsaw are complicating the process of liquidation.

Therefore, we must put the following facts, collected in mid-March, in order:

And the Debts Grew...

"The program to liquidate the shipyards," says Tadeusz Albecki, assistant director for economic affairs at the shipyards, "was submitted to the Ministry of Industry four times. There it was 'worked on' for weeks, while time passed, the shipyards' debts grew and it was more

and more difficult, financially, to build the 18 vessels shown in the liquidation program by the end of 1990."

We obtained a sheaf of documents. On 16 November of last year, Branch IV of the National Bank of Poland in Gdansk, in defense of its own interests and acting in accordance with the law, denied the shipyards credit. This meant that in a short time the shipyards were required to repay the bank a total of 24 billion zlotys. The shipyard, therefore, writes as follows: "This will lead to complete paralysis of the shipyards. It will make it impossible not only to build, on schedule, the cargo units which were to have been built in 1988, but it will also make it impossible to continue production on the units already begun." The bank found no basis for changing its decision.

On 30 November the Ministry of Industry wrote to the first vice president of the National Bank of Poland:

"Please be informed that by an order dated 4 November the Minister of Industry has set 1 December as the day of the beginning of the liquidation of the Lenin Shipyards in Gdansk.

The liquidation completion date is set at 31 December 1990.

A plan for liquidating the turnover funds and managing the fixed assets (...) will be submitted by the authorized representative by 31 December 1988. The position of Branch IV of the National Bank of Poland appears to be incomprehensible, because the shipyards have fixed assets, nondurable objects and materials stocks to cover the credits granted in the amount of 24 billion zlotys."

The bank's decision remained unchanged.

The shipyards, therefore, informed the Ministry of Industry that the interest granted by virtue of the transfer of credits to the overdue debt, is growing. Each day of delay in the decision to return to normal credit terms is costing the shipyard 43.3 billion zlotys due to the growth of the interest.

On 17 February the Ministry of Industry wrote to the Minister of Finance as follows: "Credit will be renewed on condition that the parent organ furnishes a guarantee. In connection with the above, I kindly request the minister to reserve funds in the budget plan for the furnishing of such a guarantee."

And so on that day the Ministry of Industry informed the shipyards that it has accepted the "revised plan for the liquidation of the Gdansk Shipyards" which had been submitted on 20 January. It also informed the Gdansk Bank (formerly Branch IV of the National Bank of Poland) that "by agreement with the Minister of Finance I am furnishing a guarantee of credit in the amount of 32 billion zlotys."

Early in March the bank signed an agreement for turn-over credit with the shipyards. But as of now this is only a piece of paper because it does not bear the signature of the Minister of Finance guaranteeing the credit. The bank also stated the amount of money that the shipyards can count on—1.9 billion zlotys.

This is ridiculously low in relation to the needs, according to director Tadeusz Albecki.

What Is Happening

Meanwhile, what is going on at the shipyards? Companies are being formed (there are now nine of them), the land is being subdivided into parcels, and other enterprises are submitting offers to manage the assets. For example, Unimor purchased space in which it will assemble television sets. Igloopol has money and wants to invest some capital. An English shipbuilding firm has leased Department K-2.

If one were to look at the shipyards from the air, it would look very much like the enterprise's restructuring plan from late spring and early summer of last year, i.e., the one prepared even before the decision to liquidate the shipyards was made. This is precisely one of the charges made against those who are directing the liquidation of the shipyards—that they are trying to "circumvent" the final decision with accomplished facts.

Czeslaw Tolwinski, who represents the minister of industry for liquidation and management of the shipyards' assets, and previously the director of this enterprise, does not agree with this statement. He says that his actions today are guided by thoughts of the future.

By 1990 the shipyards must complete 18 vessels valued at 130 billion zlotys. Employment is dropping because people are leaving the bankrupt enterprise. Only companies can finish these tasks and primarily the future Shipbuilding Enterprise which should take over approximately 60 percent of the production assets of the former enterprise and place them in the very hearts of the shipyards.

But what is to be done with the Shipbuilding Enterprise after 1990? Tolwinski is in favor of making this a joint venture in which foreign capital is invested. The financial mechanisms and the lack of confidence in Polish banks—he says—also favor this solution. Twenty-six ships are waiting "in line" to be built after 1990. If these contracts are not honored, 80 billion zlotys has to be paid, for various reasons.

And so Czeslaw Tolwinski asks the minister of industry the following question: Have these costs been counted? Why does no one make an unequivocal decision on what is to be done with the "nucleus of the shipyards" after 1990?

Who Is Striving for What

But director Tolwinski is also being asked some important questions.

Henryk Jezierski in issue No 7 of *POLITYKA* (1989) wrote that members of the former or current management of the shipyards are in almost all of the oversight councils or company boards which were formed on the shipyards' premises. And he offered the opinion that this is a very shrewd move. First bring a state enterprise to bankruptcy, then form a company. Meanwhile, the same people will manage this company, with these same assets, but for entirely different money...

Tolwinski replies: "The facts are correct, however their interpretation is slanderous. The members of the shipyards' management went into the oversight councils and the boards of the companies in which the shipyards have a considerable number of shares in order to guarantee that the shipyards' tasks will be executed. That is, in order to build 18 ships during the process of liquidating the shipyards."

In Gdansk Bank we heard the opinion that the shipyard continues to behave as if no decision to liquidate it had been made. It wants to... develop. This thesis was supported by the following argument: None of the companies formed on the premises of the shipyard have drawn credit from the bank. They probably function thanks to the money which the shipyard will "pump" into these companies. A paradox? The poor shipyard, complaining about a lack of money, saying that it cannot execute the liquidation process because of lack of zlotys, gives credit to the companies!

Tolwinski: "That is not true. We settle our accounts with these companies according to the normal rules, paying them for the work that is done. And the truth is that we owe these companies several hundred million zlotys in payments because there is no money. However, as to further investment... That is why an unequivocal decision as to what happens after 1990 must be made. If, in any form, ships will still be built on these premises, they must not be allowed to become technically obsolescent."

A Few Clarifications

Marian Tomal, advisor to the minister of industry, says: "I submit a few clarifications. The shipyards' liquidation program covers the period 1989-90, but the future, which at the moment is not yet very clear, is a separate matter, which I will talk about in a moment. But for now I will say clearly that we are against any kind of waste of shipyard assets."

During 1989-90, as we know, the shipyard will not discontinue the production of ships. That is why the shipyard liquidation process required that several conditions had to be fulfilled: The development of a liquidation program such as to guarantee the completion of

18 seagoing vessels, the appointment of a representative of the ministry of industry who will guide this process, the guarantee of subsidies for the production of vessels for domestic shipowners, supplementary payments for export production, and the granting of credit guarantees.

Replying to the charge that the liquidation program is being "talked to death" in the Ministry of Industry, the charge can be reversed. We returned this program for correction several times because it did not contain all of the substantive elements indispensable to the carrying-out of the liquidation process. It was designed for reorganization, not for liquidation. It did not describe all of the enterprise's assets and liabilities, there were gaps in the section pertaining to the shipyards' properties, it did not describe how accounts for appropriated funds were maintained, etc.

Production in a shipyard being liquidated requires subsidies and supplements. These also had to be guaranteed for the completion of these 18 vessels. The awarding of subsidies is under the jurisdiction of the minister of industry. They are determined annually and the minister guaranteed such a subsidy for the year 1989.

Supplements for export production required the consent of Minister Jastrzebski, head of the Ministry of Foreign Economic Cooperation. The approval was signed in the last few days.

Credit guarantees. The shipyard is correct in bringing up this problem, but it should also be added that for years the shipyard had no liquid assets, did not pay what it owed, therefore nothing has changed in this respect. But obviously this matter must be taken care of as quickly as possible. The point is that the Ministry of Finance does not have 32 billion zlotys in treasury reserves. Therefore we will submit a request to the Council of Ministers or its Economic Committee for the required amount, which will constitute a guarantee for the bank. I am convinced that this problem will be settled in the next few days.

"What will happen in the 1990's," asks Marian Tomal? I do not believe that there will an enormous change for the better on the shipbuilding market. Certainly a visible improvement will occur, but a drastic boom cannot be predicted. In any case, please look at what our competition is doing: they continue to close down shipyards. Are foreign businessmen so shortsighted? Of course not. They base their decisions on rational premises. And it would be well for us to do the same...

The shipyard talks about 26 vessels to be built after 1990. Well, the matter looks a little different and that is why I talked about the still-undefined prospects for future years. Almost all of the offers to build these vessels must be looked at once more by the Shipbuilding Enterprise company. Renegotiation is absolutely essential because—and we say this very clearly—we will consent to a company only on condition that it will build vessels without any kind of subsidies.

And I am convinced that after negotiations the number of vessels to be built after 1990 will change: We will back out of some offers, the shipowners will withdraw some others, and other vessels will be built at higher prices. How many of these vessels will there be? It is hard to say at this time.

"We are in favor of forming the Shipbuilding Enterprise as quickly as possible," says Marian Tomal. Further talks will be held with the Structural Change Fund in order to hasten its possible entry into the company. The joint venture proposal looks attractive, at least theoretically. Czeslaw Tolwinski, the minister's representative on the basis of a notarial act signed on 20 February, is empowered to conclude agreements on companies in which domestic and foreign partners hold shares. But I would like to say here that talks with the owners of foreign capital are not easy. As a rule they end as detailed negotiations begin because, among other things, large amounts of money are involved.

Marian Tomal does not want to talk about the decision to liquidate the shipyard itself: "The position of the Ministry of Industry is known," he says, "and I personally spoke out on this subject many times. The decision was based on a broad diagnosis of the economic situation, it was made as fairly as possible and it simply must be implemented."

What Do the Facts Say

We decided that we will write about facts. We have presented them without shading them. We have separated the various opinions and viewpoints. And the more we look at the facts the more we see how divergent the interests are which interfere with the course of the events. Let us attempt to dispose of these interpretational opinions.

Lech Walesa, at one of the recent press conferences, said that he is in favor of retaining the shipyard but that it requires far-reaching economic and production modifications.

Czeslaw Tolwinski, asked whether he would like to retract the decision to liquidate, said yes, but from the moral standpoint, in order to give satisfaction to the workforce which resents the assertions that it brought the enterprise to bankruptcy. However, from the economic standpoint, if the building of ships is to continue here, deep changes must be made.

Most of the shipyard workers seem to think the same.

Marian Tomal, from the Ministry of Industry, does not close the door to the idea that vessels could still be built on the shipyard premises, but it would have to be on sound principles, under profitable conditions.

Therefore, casting aside all of the obstinacy, slander and distrust, understandable from the psychological standpoint, a large, and really leading enterprise, ceases to exist,

one which for some was the "birthplace" of political and union activity. And when we consider the hopes and the dreams that were invested here, we are a little amazed: The differences are not really all that great.

What then, should decide the future of the shipbuilding industry on the present premises of the Lenin Shipyards in Gdansk: Real facts and needs or differences in interpretation?

Economic Action Initiator on Program, Goals

26000498 *Czestochowa NIEDZIELA* in Polish
No 18, 30 Apr 89 p 7

[Interview with Andrzej Machalski, initiator, Economic Action, and candidate to the senate for Czestochowa, by Julius Jan Braun: "In the First Place: A Normal Economy"; date and place not given]

[Text] [NIEDZIELA] Let us begin with the most current matters. The community which you represent is not, I heard, exactly happy with the results of the roundtable discussions.

[Machalski] The democratic transformations taking place in Poland were greatly aided and hastened by the roundtable deliberations. But these changes can lead to political and social stability only if they are accompanied by an improvement in the economic situation. On economic matters, the roundtable limited itself to reforming the present economic system, without disturbing its mainstays, such as state ownership of the basic means of production or the dependence of the economy on industry concentrated in large enterprises. In our opinion, deep changes must also be made in property ownership and in the area of organizational structure.

[NIEDZIELA] Since we have already said we would talk about current matters, let us go way back, all the way to something which cannot be ignored in NIEDZIELA, i.e., your connections with Czestochowa.

[Machalski] I found myself in Czestochowa at 2 years of age, when my family was driven out of Warsaw after the Uprising. And there I remained. I graduated from the H. Sienkiewicz secondary school in Czestochowa, then went to Warsaw to continue my education and where I now live. I took my degree in philosophy, although I studied mathematics and physics before that.

[NIEDZIELA] After that, you also did many things and changed your profession.

[Machalski] The March 1968 events cost me my job at the college and for a year I ran a vegetable stall. Later I was connected with the Wieza group, worked for a while as a television scriptwriter, then edited a theological-philosophy newspaper, until finally after 13 December

1981 I set up a "house-cleaning" business. That was one branch which required no formal qualifications.

[NIEDZIELA] But you did not clean for very long.

[Machalski] Well, cleaning was not my only occupation. In July 1982 I was arrested as one of the publishers of the underground press of MRKS Solidarity in Warsaw. The trial did not begin until May of the following year. I was sentenced to 2 years in prison, but in August, thanks to the amnesty, I was released. I had to look for a new job. There were many people in the same situation, including Solidarity activists from Ursus [Tractor Factory] and people connected with Radio Solidarity. Because no one was anxious to hire us, we set up our own cooperative. This was a very unusual cooperative, because of its 13 founders, 12 had just been released from prison. Now the cooperative is much bigger. An entire system of companies with a very wide range of activities have been formed; for example, the manufacture of elements for single-family cottages, printing, foreign tourism, arts auctions, computer services, and the mining of bog iron ore. Last year's turnovers amounted to 22 billion zlotys, bringing a profit of 700 million zlotys.

[NIEDZIELA] But the Unicum Cooperative, despite its financial success, is not enough for you?

[Machalski] In 1985 we began to think about an Economic Society. At that time we saw its function as being "defensive," a defense of the economic movement being formed. Among others, editor Aleksander Paszynski and Dr Gabriel Janowski, became involved in organizing the society. We waited until 1988 for registration. During this time, other initiatives developed: the Krakow Industrial Society began to operate legally, later the Staropolskie Industrial Society in Kielce, founding groups of similar associations were active in Lodz and in Poznan. Therefore we limited our activities to Warsaw and the surrounding area. But the persons connected with these societies saw the need for joint actions, hence the concept of Economic Action arose. This group has no formal character and its goal is to take part in the creation of a new economic system in Poland.

[NIEDZIELA] And here we come to the matter mentioned at the beginning.

[Machalski] The number one problem in Poland is a change in the economic system. Political changes, in our opinion, are secondary. Not of minor importance, but secondary—they come from changes in the economy. Political change is dependent upon economic success.

[NIEDZIELA] Very few people today would have the nerve to use the words "economic success."

[Machalski] Because we are now on the brink of disaster. Using computer language it can be said that the Polish economy has lost compatibility with the world economy. The Polish economy "does not fit" the world system and

cannot work with it normally. There is constant talk about the enormous waste of energy and raw materials, and low efficiency. But what is most dangerous is the inability of the system to accept modern technology. The catastrophe of our economy is not the result of a bad arrangement of its elements—the crisis is of a structural nature. This system is not able to solve the more complicated social and economic problems. It is not a matter of revision, therefore, because this will not help. What is needed is an overall change in the system.

[NIEDZIELA] At this moment some people are asking with hope, others with outrage, whether we are talking about a return to capitalism.

[Machalski] In Poland, there was really capitalism only in its 19th-century form, so we have nothing to return to. The essence of the future system is that it must develop naturally out of people's economic actions—it cannot be designed theoretically.

[NIEDZIELA] What stands in the way of applying such a system?

[Machalski] In my opinion, it is not the political barrier which is most important, but the social barrier. There are social groups, which by reason of their own selfish interests, may block indispensable changes. There is an economic bureaucracy for which there would be no place in the new system—workers from large and generally inefficient industrial plants. Moreover, there is no public carrier, right now, for the new system—a counterpart to the middle class which in the western countries developed into a class of producers.

[NIEDZIELA] I am already hearing loud protests: you want to revive a class of capitalists in Poland.

[Machalski] Economic Action truly is not acting in the interests of some kind of ownership group, but in the interests of society as a whole. The contention that work creates prosperity is a universally sanctioned myth. Naturally there can be no prosperity without work, but work is not enough. Work that is mismanaged gives bad results. And one more misapprehension: The producer group, especially in the first phase, will not be consumer-privileged. These people will have to allocate a large part of their incomes for the creation of a workshop, not only for themselves but also for others.

[NIEDZIELA] Right now we do not yet have the system about which you are speaking and the wealth of people who always have a lot of money—who knows from where—and do not do anything useful with this money, arouses a great deal of jealousy.

[Machalski] Certainly, when only particular elements of the new system exist, we see only the negatives. The famous law on enterprise indeed did remove barriers and it provided economic freedom. Individuals who are very efficient create enterprises, but these firms exist

only through the reprocessing and handling of what is already there. The only result is increased prices. Speculation entrepreneurship develops but nothing new comes out of this action. At the same time, these entrepreneurs really have nothing and that is why they are not responsible. Removal of formal barriers, if not supported financially, opens the road for speculation which functions in a free market. This is very dangerous because it strengthens society's belief that economic freedom, a free market, and private ownership of means of production, is harmful.

[NIEDZIELA] But where is this financial support for entrepreneurship supposed to come from when there is really no capital in Poland?

[Machalski] There must be an inflow of foreign capital and Economic Action has a concrete proposal to offer. It is difficult to describe it in detail here, but it can be said that above all these funds must be specifically directed. These credits must not be sunk into large industry, but neither should they be used for current social security. They must be invested where they give rapid results and where there are no raw-materials restrictions. We see this primarily in two fields: agriculture (including processing) and private construction. A rapid market result is thus obtained, one which is anti-inflationary, and the possibility of export is also created. Our agriculture today does not produce goods, only products. Sometimes packaging would be enough and the product would become a goods of great value on the world market. The two fields mentioned are the first stage of action. In the second stage, large industry would gradually enter the market.

[NIEDZIELA] In one of Economic Action's documents, the present economic model is described as a system in which there is a great division between the state, whose right and duty it is to organize manufacture, and society, whose right it is to consume and whose duty it is to work. Economic Action believes that this system should be replaced by one in which the managing is done primarily by society and the burden of manufacturing falls on society, which has the means of production. Do you believe, sir, that this model will be approved? Most people throughout the world do not have the temperament to be an entrepreneur, an organizer. All they want is a calm place in which to work at fair wages.

[Machalski] Of course. But the creation of several hundred thousand genuine economic organizational units (because that is the basis of the new system) is also the creation of many new workplaces. We are in favor of an economy of the Italian type, which has proved itself in spite of the political instability in that country.

[NIEDZIELA] But doesn't the employee, in such a system, lose the protection which a trade union guarantees him in the large plants?

[Machalski] Small-scale enterprise creates another form of employee protection. Labor competition exists (even

where there is unemployment). That is a system based on enterprise, but the labor factor dominates.

[NIEDZIELA] In the announcement published late in January and early in February, Economic Action predicted that the government's plan to limit the growth of prices has no chance of succeeding. The reasons for failure were precisely described, point by point. You were right, but probably with dubious satisfaction.

[Machalski] Our thesis that the government does not have a realistic plan to overcome inflation was confirmed. The present increases continue to be simply a revision of a system of prices artificially fixed. But they deprive future actions of credibility. When the indispensable market reform of the food economy begins it will be hard for the people to believe that that is the price for arriving at a point in which all "price operations" are really an unknown phenomenon.

[NIEDZIELA] Economic Action is in favor of rapid marketization of the food economy. At the roundtable, Solidarity expressed the view that societal considerations demand that these actions be very restrained.

[Machalski] We are in favor of rapid application of market principles with the existence of certain forms of state intervention (but in a very limited range) and on condition that social effects are neutralized, e.g., by financial compensation. After years of bad experience, it is difficult for people to understand that an increase in prices, at the time agriculture is marketized, is not a way of pulling money out of the pockets of the consumers. Such an operation, conducted honestly, should consist of moving the money allocated by the state for subsidies, directly into the pockets of every citizen, so that he himself could pay for food as much as it really costs. In any case, if this is not done, prices will go up anyway, just as they have gone up thus far, and the starting point will be in a much more difficult place.

[NIEDZIELA] But the radical program of Economic Action as it pertains to agriculture makes an exception. In the document which describes its position on marketization of the food economy, you describe this exception as the "special problem of milk."

[Machalski] Marketization of the agricultural economy is not just a financial problem. These are guarantees of real economic freedom (what is now called demonopolization of procurement is, to a large degree, a sham). For procurement to be demonopolized, suitable materials facilities must be provided. The "milk chain" is now a total monopoly and the appearance of competition is possible only after a certain time. That is one of the reasons that milk has been given special treatment in the plans for introducing a market economy. The second reason is the special place that milk and cheese has in nutrition. Naturally, market principles must be binding here also, but the operation must be spread out into stages.

[NIEDZIELA] In conclusion, let us return to more general matters. I read in the letter describing the principles of the formation of Economic Action which you signed last November along with Dr Mirosław Dzielski, that this group wants, in the future, to be the expresser of the interests and views of a large part of society, the "silent middle."

[Machalski] We believe that this is where support for reform of Polish institutions through economic changes must be sought. Only public support will offer a chance at success for the evolutionary, but unlimited systems changes which we propose.

[NIEDZIELA] Thank you for the interview.

Polish-Soviet Chamber of Trade-Industry Begins Activities

26000514 Warsaw TRYBUNA LUDU in Polish
14 Apr 89 p 8

[Article by Rudolf Hoffman: "Linking Polish Enterprises With Soviet Ones"]

[Text] The Polish-Soviet Chamber of Trade-Industry (PRIHP), which was organized on 21 March in Warsaw and which represents 58 Polish and Soviet enterprises, has already begun its activities. The process of legalizing the chamber is now underway. The leadership has been elected and an agreement has been signed as to the establishment of an agency of the chamber in Moscow because, in accordance with the statute, the chamber must be informed about the Soviet market.

The chamber's primary goal is to bring Polish and Soviet enterprises together in a very dynamic and permanent way. Hence the need to have correct information as to the partners' range of capabilities and the branches they represent, their desire to cooperate and their formulas for doing so.

In connection with this, the process of building an entire infrastructure for the chamber is now underway. And that is how the agency of the chamber in Moscow is now being constituted. By June of this year, republican branches of the chamber are to be formed in the Ukraine and Belorussia. In the Ukrainian Republic, branches will immediately be set up in Kiev and in Lvov, because Lvov is a vital center, especially in border exchange.

We learned from an interview with the general secretary of the Polish-Soviet Chamber of Trade-Industry in Warsaw, Waldemar Nowakowski, that by the end of the year chamber agencies and branches will also be established in important centers of the Russian Federation, which itself is a great industrial potential. That is why the flow of industrial information from this area is very important.

Organizational Status

When asked what the current organizational status of the chamber in Poland is, general secretary Nowakowski replied:

—The chamber's structure here will be based on the structure of the Polish Chamber of Foreign Trade (PIHZ). We anticipate that certain groups of people will function separately. Certainly we will operate on the basis of the apparatus which is organized now, because there is no need to form a special structure. Organizationally it will be separate and will be composed of people who have experience, e.g., in the arranging of border exchange, and who have the necessary knowledge as to the legal and organizational terms of cooperation. We will try to set up eastern chapters of the chamber as quickly as possible, first of all in Lublin and Białystok.

—And where is the chamber getting money for its operations?

—From membership dues and from economic activity. Insofar as membership dues are concerned, we decided, together with our Soviet partners, that they would be 1,000 rubles a year. Polish enterprises pay annual dues amounting to 261,000 zlotys. The other source of financing the chamber's activities is economic activity. We expect to establish two international companies with Polish and Soviet capital. The first of them will deal with consultation and marketing and will handle advertising for the chamber's members and also for individuals and legal entities which seek its advice. The second company will concern itself with raising the exchange of information to a higher level and modernizing communication.

Inauguration in the Second Quarter of This Year

Only when these means are in place will the chamber be able to open for full operation, therefore we expect that this will take place during the second quarter of this year. However, the setting up of the chamber itself will be an ongoing process until the end of the year. Given that this is a large international organization, this is a very rapid speed, particularly if we add the fact that its activities will be self-financed.

When asked whether reports are already coming from Polish and Soviet enterprises in connection with the statutory goals of the chamber—the representation of the interests of these enterprises to governments and other organizations, the PRIHP general secretary replied:

—Of course. There are many of them. But a number of reservations are also being expressed in regard to the increased restrictions on border exchange between enterprises which was being conducted by the Soviet side as well as the Polish side. This is very disturbing to us because thus far this barter exchange was the primary

instrument of cooperation. Until now there have been no economic instruments by which the products of co-producing enterprises could be correctly priced.

Only the new bank law will create such a pricing mechanism. True, there is the 21 January 1989 financial agreement signed by the ministers of finance of the Polish People's Republic and the USSR, which states that the banks will prepare executive acts, but thus far we have no information on this subject. This is certainly a very difficult operation, because we are dealing here with the beginnings of the creation of joint economic tools. Their development will be a very singular event in the history of Polish-Soviet economic relations. Nevertheless, for now the enterprises have been left without any pricing mechanisms. Hence barter exchange has been restricted to a large degree. Therefore, the chamber will very soon take an official position in this matter on behalf of Polish and Soviet enterprises.

Great Interest

The setting up of the PRIHP evoked great interest on the part of Polish and Soviet enterprises. Over 150 applications for admission have already been received from the Soviet side alone. In the next few days the chamber will begin to arrange informational meetings in this country through the local PIHZ chapters in which cooperation with the Soviet Union clubs exist. Information about the goals of the PRIHP can be obtained from the Polish Chamber of Foreign Trade, 4 Trebacka St., Warsaw, or any of its chapters.

At the conclusion of the talk, the PRIHP general secretary also called attention to the essential element of the chamber's activity, on which the Soviet side is also relying. The chamber makes it possible for individuals and organizations from third world countries to participate in joint ventures, e.g., foreign enterprises which are legally recognized in Poland.

Growth in Ecological Goods Production, Market Noted

26000500a Warsaw *RZECZPOSPOLITA* in Polish
8 May 89 pp 1, 5

[Article by Krystyna Forowicz: "Market for Ecological Goods Forming"]

[Text] Production of environmental protection equipment may be good business. Even competition is appearing, although fulfillment of demand is still a long way off. This is the opinion expressed by representatives of the office of environmental protection and natural resources. Equipment producers have some complaints: They could offer more, but orders are not coming in in large quantities. Nevertheless, for the first time in our history, a market of ecological goods is arising.

Ekspertyza company began operations with a capital of 250,000 zlotys. After 9 months, turnovers amounted to

40 million zlotys, with only five people employed. Last year the number of employees doubled and turnovers rose to 160 million zlotys. Ekspertyza employees now have their own design office, high-quality measurement equipment, and they work with a group of architects, construction engineers and specialists in the field of environmental protection. Their production now includes modernization of a rest center on the grounds of the Kaszubian Scenic Park, on an order from the Cellulose Factory in Swiec. Not only does the external appearance of the buildings have to meet the requirements of the landscape—the Kaszubian style, but the center must be equipped with a biological wastewater treatment plant and other ecological facilities.

"The customer pays," says the head of Ekspertyza, Dr (Engr) Wojciech Krupnik, "and that is all he is interested in. We provide everything, starting with documentation down through materials and execution. We do nothing 'halfway.'"

For 2 years the employees of Ekspertyza, at their own risk, invested their money in studies which for years had been laying unused in Gdansk Polytechnic. They built and patented an attachment to a gas chromatograph. It expands the range of applications of the traditional chromatographs which all sanitary inspection stations possess. The attachment measures the content of sewage, water, and consumption fluids. It costs half a million zlotys, 100 times less than the liquid chromatographs produced by western countries for the same purpose. Ekspertyza is the only firm in the CEMA countries which produces such measurement equipment.

"We are ready to produce a thousand attachments a year," says engineer Adam Marczak, technical director. "But we do not have many orders. The enterprises still regard these companies as something uncertain."

Ekpol produces container-type automatic sewage treatment units, called ELJOT, which have an output of 10-20 cubic meters per day. They neutralize household, municipal and industrial wastewaters. The price is 10 to 20 million zlotys.

Engineer Zdzislaw Kuczma from SKR in Gasawa set up 13 ELJOTS (treatment units) and is waiting for more orders. Today his production floor is empty.

"Director Jurecki and I had such great hopes in the new production," he says. "We expected it to be a gold mine. And maybe it will, but right now the ecological awareness of the representatives of the so-called dirty industries does not always keep up with the new production of environmental protection equipment. But whose worry is this?"

Small companies dominate in the "bio-business": Anmar in Bedzin, Aqua-John in Warsaw, Chemar in Raszyn, Science Business Enterprise—a Polish Academy of Sciences company, Kontrakt Ekolochem in Katowice,

Koprodukt in Ostroleka, Ekostal in Bialystok, and dozens of others. Thus small companies are springing up like mushrooms after a rain, and are attracting mainly young people, people in their thirties.

EKOTEST company in Torun, which has been operating since January, is already filling its first order. The Forestry Production Enterprise in Torun, Las, is assembling a new device which removes sulfur from exhaust gases. Boleslaw Rabkiewicz's invention (he is an engineer at Budopol) has the added advantage that it permits the recovery of a considerable amount of heat from the exhaust.

EKOTEST also sees a great future for itself in other fields.

"Customers, as a rule, have no choice when they buy products or equipment from the bio group, i.e., which

are more or less harmful to the environment," says president Jerzy Czerny. "We want to inform them, make it easier for those who want to live in harmony with nature to make a worthwhile choice.

"We have effective state patronage promoting pro-ecological endeavors, we have many technological innovations. In almost all of the larger cities there are companies, cooperatives, and foreign firms involved with the production of environmental protection equipment. New organizations are being formed which are a novelty in our economy: ecological foundations, including those with foreign capital. Then what is still lacking? There is a constant lack of economic association: producers, money, ecological consciousness. Ecology as a social phenomenon must create a new type of sensitivity."

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