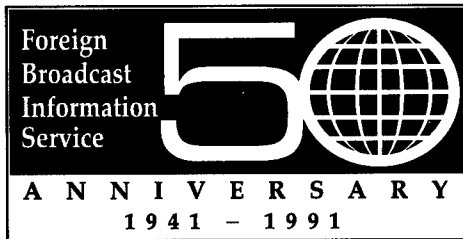


JPRS-EER-91-142  
23 SEPTEMBER 1991



# JPRS Report

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# East Europe

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# East Europe

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### Contents of Proposed Referendum Suggested

91CH0876A Prague OBCANSKY DENIK in Czech  
27 Aug 91 p 3

[Article by Petr Pavlovsky: "What Question To Ask"]

[Text] It appears increasingly clearer that a referendum with the question "Do you favor preserving the integrity of Czechoslovakia?" (Do you favor a division of Czechoslovakia?) would amount essentially to a waste of money. While the result might weaken to some extent the positions of extreme separatists (SNS [Slovak National Party] and the like), it would not be worth the money spent by the entire federation; for that it would be enough to have a referendum in the Slovak Republic alone, financed of course from its own budget.

So a referendum that would make sense must have its question formulated differently. The fundamental problem is a conflict between the existence of a whole array of possible solutions on the one hand, and on the other the need to apply in the referendum a two-value logic: either-or, yes-no.

A general methodological solution must of necessity be sought in a polarization of the entire scale so that all the conceivable types (each would evidently find a certain number of supporters) are subordinated to two specific supertypes between which everyone would have to choose.

From this perspective it can be said that a unitary state (whether divided into okreses determined from above or into regions formed from below), a state with provincial administration, a federal state or a federation with any number of members, all constitute in the most general terms the same type of solution preserving a single state as a subject of international (more precisely: interstate) law and relations. The basic characteristics: a single supreme government and a single supreme parliament (while there may exist a number of lower governments as well as parliaments) whose legislation has supreme authority—that is, no part of the state may elevate its own legislation above that passed on the state level but on the contrary is obligated to operate within its limits. Further: a single common currency, army, foreign policy, communications, tax and customs system, ministry of the interior and its agencies.

The other type encompasses all solutions representing a looser union, from confederation to union all the way to totally separate states. Basic characteristics: a number of states (republics) as sovereign subjects of international law, supremacy of their governments and legislatures over central bodies, legislation passed by the common parliament taking effect only following approval by the local (republican, regional) legislature and vice versa, provision for suspending some of the general legislation on a certain territory. Further: absence of uniform economic rules (taxes, subsidies, customs levies and generally conditions for conducting business), several armies, possibility of independent currency issue in individual

parts of the union, absence of a uniform foreign policy, different immigration laws and so on. To some extent this includes also the so-called minority protection against being outvoted [zakaz majorizace], particularly when understood in nationality rather than civic terms.

A truly effective referendum thus could have its question formulated by way of a most general description of a state of the first type, that is, the single common state solution. (A 15-line characterization would suffice.) Everyone unable to reconcile himself to even one single "basic and obligatory" feature would vote no, with no need to inquire into what he actually has in mind or wants.

Whatever the outcome of such a referendum, it would make a major contribution toward calm in future developments. If negative, the result would lead to CSFR's division in peace and by constitutional means in as short a time as possible (without the awkward wait for someone to do it when it suits him), and a favorable result would put an end to playing the confederation game on the theme of sovereign republics, a state or inter-state treaty as a condition for a common constitution, and the like. Were such undismissible expression of the will of the entire population available still before the end of this year, today's Federal Assembly might after all become the hoped-for Constituent Assembly.

### Slovak National Party Chairman on Party Program

91CH0853A Bratislava NOVE SLOVO in Slovak  
15 Aug 91 pp 12-13

[Interview with Jozef Prokes, chairman of the Slovak National Party, by Marian Lesko; place and date not given: "The Border Does Not Have To Be a Barrier"]

[Text] [Lesko] To an observer who does not belong to any party, which is what I consider myself to be, it seems as if the party has changed its "image" since you became chairman of the SNS [Slovak National Party]. Since the original meeting it has begun to resemble more a party of the parliamentary type. Mr. Hrnko and Mr. Miskovsky, who had numerous conflicts with the previous leadership, have come more to the forefront. We would like to inquire whether this is a result of your efforts or did it just "work out" that way?

[Prokes] It is primarily our program, on which we are systematically working. We are trying to build in a positive manner and not to tear things down. Certainly, there must also be structural changes as well, but if we are to achieve something new, we have to prepare ourselves for it, know exactly what we want, and convince others that it is right. We must put forward the possibilities of the future and not just constantly point out the mistakes that someone is making or has made in the past. It is true that dynamite will serve to destroy an old bridge, but not for building a new one. Unfortunately, I must say that the previous leadership, whether we like it or not, was more oriented toward destruction

of existing things than toward putting together alternatives for the future. You mentioned my two coworkers. Yes, they had problems with the previous leadership, but it is not that anyone is giving them preferential treatment now. They are "well-known" because everyone who wants to work finds our doors open to them, especially if they come to us with good ideas and know how to accomplish them.

[Lesko] In the first interview which you gave after your election to the chairmanship, you said that the people themselves will have to choose their path, the form of government that they want. Recently, in the parliament yours was the only group which voted as a bloc against the proposed law on a referendum....

[Prokes] We are not against the referendum as such, but in our view the law which was finally approved is not adequate as a basis on which we will be able to resolve the most important questions. There are two aspects which we find unsuitable. Firstly, the law is supposed to establish the right to decide on a referendum at the level of the republics and, secondly, in its present form the question of property was left out. If there is a division of the country, there is a definite possibility of economic blackmail taking place. Because if the consequent federal law is supposed to resolve the matter of property, who will guarantee that any law on the distribution of property will be approved?

[Lesko] Many people from the coalition reproach the SNS with the fact that it has crossed the boundary of what one can call constructive opposition. Do you think that your party does not give them reasons for this accusation?

[Prokes] I consider the labelling of the opposition or their evaluation in words such as constructive, systematic, negative, and so forth without specifically defining what is meant by these terms to be demagoguery which is meant to confuse the public, instead of explaining to them what is actually going on. I feel that it is much more important for us to keep our own backbone and our own face than to retreat only because we do not want, God forbid, anyone to speak ill of us. After all, we are one of the few parliamentary parties, if not the only one, which has not gone back on the positions of its election platform, but on the contrary is sticking to it and developing that program. This is not like some parties, especially those in the government coalition, which have somehow very rapidly forgotten about certain parts of their programs, parts which gained them the support of a great share of their voters.

[Lesko] Let us stay with the relationships of the coalition and the opposition for a little longer. We will stir you up some: For what could you commend the government coalition, even if just for that one thing? What would even you not have done any differently?

[Prokes] That is a really difficult question. There is also a problem in the systemic approach. We start with a program for an independent Slovak republic, a program

of self-determination in all areas. This means that our implementation of practically everything would look different from how the government coalition does things. We differ from them in our opinion of whether it is better to declare ourselves independent today while the economy is still functioning in some manner or to wait until it collapses completely; obviously, it is very problematic whether we will be able to build up any independence after that. The government coalition is really taking another path and simply putting off the decision. We think that it is necessary to make use of the enthusiasm of the populace to create something new soon, before we go into a political depression as well from economic reasons.

[Lesko] From what you are saying it does not seem that your forecast for future economic developments is very optimistic. You obviously do not believe that the transformation which is now going on will, in the foreseeable future, be able to bring any positive results?

[Prokes] You are right; I am a skeptic in that area. I do not think that there is any economic reform going on here. In actuality, there has rather been a transformation in ownership, in ownership relationships. So far, they are forgetting that a market economy is not based on the form of ownership, on whether property is owned by the state or privately, but on the spheres of authority of the economic units, that is, on whether the economic unit can itself make decisions on its own responsibility. If it does not have the authority to make decisions, then it is unfortunately still a matter of central management, whether or not it is the owner. Central management does not take place only on the basis of orders, but also through blocking the enterprises' access to information, which has indeed happened here. The information flow which was directive in nature and came from the ministries disappeared, but the economic units remain in an information vacuum. We did not make it possible for the enterprises to be able to form associations, on the basis of the need for vitally important information, in certain independently managed organizations such as, for example, the economic chamber in Austria or the chamber of industry and commerce in Germany. And there are these kinds of associations in practically all industrialized countries. Unfortunately, here we did not create this basic institution of the market economy at the end of the 20th century. This is the cause of the governmental disinformation chaos as if it were the beginning of the 19th century. The law on economic chambers was not passed by the SNR [Slovak National Council] and it was voted down mainly by deputies of the governmental coalition, so it is they who themselves should be considering the constructive nature of their actions, instead of constantly blaming the opposition for everything.

I further thing that the national government should already have a clear idea as to whether it prefers domestic entrepreneurship or whether it will strive to keep certain economic areas in domestic hands or not. It is frightening to us when we see where we are being taken to here, not by the development of the economy, but by

its destruction. There is only one surprising fact, which also concerns the federal government; we cannot imagine that in the West any owner would rub his hands with glee that someone was going to tear down his business. Some of our ministers are pleased that they will be bankrupted. They forget in all this that the state still continues to be the owner of those enterprises and thus as the owner should see to it that there is such leadership in them as would prevent bankruptcy. In this connection, one must add that the state must protect the domestic producer from the foreign ones. Even Maria Teresia said that it is better to pay two *thaler* for a domestic product, than one for a foreign item. That is metaphorical, but we must remind everyone that when we buy foreign products instead of domestic ones, we are taking our money out of circulation, the workers will lose their jobs, and they will then not be able to buy anything. Of course, we do not want isolationism and closing ourselves off to foreign competition, but we must very carefully consider whether pouring in foreign wares has a stimulating effect or if it is destructive for our economy. In the United States I saw many signs saying "I belong to the union and I will not buy a Toyota!" Thus even in the United States there is actual protection against an invasion of foreign products and not only at the national level, but at that of every employee. And the United States is much stronger than we are in economic terms.

[Lesko] The liberal economists say of your cooperation with the NEZES [independent parties] that it only shows an attempt by the SNS to cooperate with the former bosses who wanted to save socialism a generation back...

[Prokes] I have the unpleasant feeling that some of these economists and politicians are mixing apples and oranges. It is altogether doubtful that what we have had here up to now was socialism at all. That is one point, and another is that we do not want the capitalism from the beginning of the 19th century. We want what we see today in West Europe. And West Europe prefers a social partnership. This is not in any case some kind of charity or good works, but an economic essential in order to ensure development without any great economic and social ups and downs. The social partnership was not respected at the beginning of this century and it ended up with the great crisis of 1929. The whole world learned from this, but it seems that many of us did not, that we did not understand at all what it was about at that time. The whole situation can be summed up very simply: When an employee receives such low pay that he cannot purchase products, then manufacturers go out of business because they do not have a market. If he receives too much money, then the manufacturers do not have the resources to improve products and technology, which also ends up in them going under. But the final consequence is that the employee ends up paying for this because he is put out of work. Our goal must be a social partnership which ensures continuous growth and income for both the employees and the employers. This point of balance and agreement is not very broad and it is therefore necessary to search for it very responsibly.

This is what the tripartite discussions are about. Unfortunately, in our case it appears that some members of the tripartite group look upon these discussions as a necessary evil which have taken upon themselves the former structure and which it would be better to break off. If we admit that we will have a million or more unemployed, then the purchasing power of the populations would drop very rapidly, an even deeper crisis would occur from overproduction, then there would be further layoffs, and we would have a snowballing reaction which would bring the same extreme depression as in 1929. If we want to go forward, we must prevent this.

[Lesko] They say that we can expect social upheavals by autumn. If they really happen, what position will the SNS take on them?

[Prokes] In our opinion, the state is for the citizen and not the citizen for the state. It is a state matter and for its representatives to satisfy its citizens. Not all of them, since this is impossible, but the great majority of them and not just some individuals. Unemployment is even now going up, but the government does not have even a program to create new, substitute opportunities for work, so one can really expect that there will be certain social movements, and we have to say, justifiable ones since the state is not solving the problems of these people. When we say this, we are accused of leftist viewpoints and of populism, but we repeat that we are only taking our example from the development of West Europe.

[Lesko] On that point, that you took your example from West Europe, political opponents often challenge you with the fact that Europe is being integrated and you are demanding just the opposite, the disintegration of a functioning entity. Why?

[Prokes] First of all, I would like to say that one must look at an integrated Europe as a cooperating Europe and not as a Europe which is a unified state. And an integrated Europe will be stable only if all the peoples who live in it have equal rights and obligations. If even one of them is dissatisfied, it would become a source of tension since it is possible to suppress the national factor and national movements, but it is not possible to eliminate them permanently. We want to join an integrated Europe, but as an equal partner with all the countries of Europe.

And as far as a common country is concerned.... We base our thing on a simple principle: the common country will be cohesive only if it is something more than the simple sum of the two republics. In order for us to create such a country, we will have to know in what way it will be more, so that we can know how to ensure this as part of the constitution or the laws. But we still do not even know what to call this positive feature....

[Lesko] Now you are getting into your question from Kromerice....

[Prokes] ...so it is thus very hard to express this legislatively. It thus really seems like the laws which we are passing are self-acting—if they exist, then a common country would exist. As if it was not important how this common country will operate, what each republic will bring to it.

I assure you that our program is not anti-Czech; we want to unify the people on a positive basis, on the basis of creating something new. This is intended to put us on our own feet, because only someone who decides on his own and about himself and bears full responsibility for it, only he develops further. This applies equally to every adult person and to the people as a whole. We thus are not striving to gain something at the expense of the Czech people or the Czech Republic. On the contrary, we are concerned about a legal position for Slovakia where both peoples have an equal standing vis-a-vis the other peoples in Europe. Only on this platform can we then build up positive synergistic relationships and cooperative action which benefit both parties.

[Lesko] In your view, separation does not have to be seen as a hostile act. But is such a development really possible? Is it probable?

[Prokes] Such a development is really possible. Quebec in Canada could be an example of this. Unfortunately, however, I must say that our people and many politicians continue to think in the socialist way, in the sense that they consider the border to be some kind of barrier, the crossing of which is connected with enormous efforts and is something exceptional. But this is not at all true elsewhere in the world. In the normal world, state borders are neither cultural nor economic barriers. For example, Austrians travel from Innsbruck to Salzburg through Germany practically daily, because it is faster. Twice a day they cross the state borders in their cars with really not even being aware of it. When countries do not want to turn their backs on each other deliberately, they can create the conditions for very solid and close contacts between their citizens.

[Lesko] I still have doubts that we will be able to reach agreement "afterward" when we cannot agree now. I am reminded of, for instance, Mr. Bratineck's statement when he said that the heir of federation will be the one who does not get out of it.

[Prokes] One could call that chauvinism and I would rather characterize it as an attempt at blackmail. I also think that it reflects the intelligence and character of the person who said it.

No one is talking, or only rarely talking, about one substantial aspect of the problem and I would like to point it out in particular now. The subjects of international law somehow forget about the fact that when they signed the United Nations Charter they obligated themselves to create conditions for nations can, as they call it, exercise their right to self-determination. From this standpoint neither Slovenia nor Croatia are violating international conventions nor agreements, but rather the

Yugoslav government is. Another, diametrically opposed approach to this problem is that of Canada, which I already mentioned, which can serve as an example for all federations with complicated nationality relationships. There all the other civilized states said of Quebec's attempt to achieve independence: You have every right to it, but let us reach an agreement as to how to do it so it will hurt as little as possible. Here catastrophic scenarios are being made up and declarations made as to the legal heirs of federation. The fact is even the filming of the television series "What If" pointed out certain differences in the views of the people in both republics. I cannot imagine that anyone in Slovakia would think to film a similar scenario if the Czech Republic wanted to make itself independent.

[Lesko] Now it has come time for a final question—a decision on the constitutions is expected in the fall. With what ideas and goals does the Slovak National Party go into this period of "constitution making?"

[Prokes] We start with the idea that the basis for any state structure must be a fully valid Constitution of the Slovak Republic. After it has been approved, its inhabitants can decide whether they want to live in an independent state, in a joint state, or in a federation. We cannot change this procedure because no one can delegate authority which he does not have to someone else. First we must have all the jurisdictional authority to be able then to delegate some of it to someone else, if we want to. That is the only path by which we can create equal relationships with anyone else. We will therefore strive for the approval of a Constitution of an Independent Slovak Republic with all the attributes which adhere to it. What happens after that will be decided by the citizens of the Slovak Republic.

### Ruthenians Affirm Their National Identity

91CH0859A Kosice HLAS DEMOKRACIE in Slovak  
No 7, 1991 pp 7, 13

[Article by Peter Juscak: "Ruthenian Renaissance"—first paragraph is HLAS DEMOKRACIE introduction]

[Text] The first World Congress of Ruthenians took place a while ago in Medzilaborce, the main northeastern city of eastern Slovakia. Our paper asked Peter Juscak, an editor of LITERARNY TYZDENNIK, for a report on the congress. The first part of his report follows. Its heading is indicative not only of the atmosphere during the proceedings but also brings to light the problems of a region so far little known to us and moreover takes up a subject not very well known and until now rather taboo.

"In Medzilaborce there are no Ukrainians," I was told years ago in a conversation with a National Committee official.

She added, "Maybe a few..."

"So what nationalities live here?" I asked.

"Slovaks."

When shortly before the collapse of the regime I was on vacation in the local Greek Catholic parsonage, Father Frantisek Krajnak laughed:

"Slovaks? Well yes, there are Slovaks too living here. But most are Rusniaks [Rusnaci]."

"What do they put down as their nationality?"—the question coming from my bureaucratic heart.

"Mostly Slovak."

So then, Slovaks—I reflected with a measure of satisfaction over the fact that of all nationalities they chose Slovak as worthy of their decision.

My host suggested a test. The very first visitor to the parsonage was asked whether she is Slovak.

"No," replied the fortyish woman, smiling.

Ukrainian?

Again, negative.

Then what?

"Ay, me a Rusniak woman."

It sounded incredible. A Rusniak woman. Incredible, because in Presov and the wide vicinity "rusniak" used to be a term denoting clumsiness, incompetence, feeble-mindedness, alcoholism, as also close collaboration with the regime—in short, a derogatory term.

Nothing new under the sun. In the Czech environment I have encountered "Magyar" as a slur, in Hungary "toths" [totovia], in Slovakia next to "rusniaks" also "talians." Truly, exchanging ethnic slurs is an international sport. An unpleasant one in each case. It may be a mark of primitive groups but we know what we know about those repeated a hundred times no matter how based on untruth, and also about the fixing of primary information....

There was no end to surprises. Frantisek Krajnak began to talk about the need to recognize the Ruthenian nationality, to codify the Ruthenian language and introduce it into schools, that it is necessary to put an end to forcing Ruthenians to choose between Slovak and Ukrainian nationality.

Inwardly I thought: So this is how my old childhood friend is behaving toward us, how he encroaches upon our sanctity, wholeness, our identity. By artificial force he wants to wrest from us a living part, an organ of our body, and with a piece of what is ours deprive us Slovaks, and all this in return for our Slovak goodness we have bestowed on them: schools, books, writing paper...

My trips to the north grew in number and the painful feelings became gradually transformed into admiration: I became witness to emerging human pride, what a

beautiful one. My fear of seeing the Ruthenian community cut off from the Slovak body is a poignant testimony to the need for breaking down the convenient notions of superiority and inferiority of nations and nationalities, to one's own complexes, fear of one's own weakness and transferring fear of the powerful to the weaker ones....

Oh, foolishness, how deeply can it injure the man who harbors it.

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The first world congress of Ruthenians took place 22-24 March 1991 in Medzilaborce, and it was no accident that that town was chosen. From the Laborce region have come many intellectuals, regardless of whether they claimed Slovak, Ruthenian, or Ukrainian nationality. In recent years the town attracted notice also thanks to Michal Bycek who promotes the work and person of Andy Warhol. But it was just during the congress that the town had its great days. Still on the eve of the congress rush work was being done to arrange the halls of the "historic project," a house of culture slated to have its premiere.

If the organizers faced a great many worries, far fewer troubled the staff of hotel Laborec. Excitement about the events to come left its personnel untouched to the extent that getting service meant asking a waiter to get up from his chair, and paying the check even required looking for him in the hotel's smelly backrooms. A group of Gypsies milling about in the dark of the night in the kitchen may have been a surprise to the guests, but not to the "fireproof" staff. In a word, entering hotel Laborec in March 1991 meant at least a spoiled mood, just as would getting into the river of the same name .

\*\*\*

Rusniaks, Ruthenians, Lemkovs [Lemkovia], Ruthenes, Carpatho-Russians....

The Small Czechoslovak Encyclopedia is not overly expansive in its entry: "An obsolete designation of Ukrainians living on the territory of Austro-Hungary, in Galicia, Bukovina, the so-called Subcarpathian Rus. From Ukrainians they differ partly by dialect." The former regime's ideology known among other things also for assisting "all-sided advancement of nations and national minorities" led to a systematic ethnic rarefaction of the substantial space between the ethnic Ukrainian area and the ethnic communities of Poland, Slovakia, Hungary, Romania—thinning out precisely the Ruthenians. The denationalization process with varying degrees of intensity proceeded uniformly and one can surmise that the goal was not only to create a sharp boundary between the Ukrainian nation and the other nations of Central Europe, but also to establish a fifth column in each neighboring country. It was a tragedy for this nation to be the chosen one to carry on this dishonest political game.

In his monograph on the Ruthenians the Toronto professor Magocsi describes the distribution of this ethnic group in European countries and from there we find that apart from the contiguous settlement in the Beskydy mountains we also have in Slovakia little islands of originally Ruthenian population, as for instance Komjatna near Ruzomberok, Svermov, Uhorna near Roznava, or Hacava—directly on the boundary between Hungarian and German ethnic areas. Were we to accept the theory that Ruthenian equals Ukrainian, we would have to admit an ethnic, spiritual and national affinity of both nations which however is at odds with reality. Even at the time when the Ukrainian nationality enjoyed its greatest boom it was claimed by about 47 thousand citizens in the whole of the CSSR (many of them under pressure), whereas the northeastern border area alone has a population of some 350 thousand. This is a clear answer to the propagators of a “scientifically conducted” nationality policy.

And while we are on the subject of numbers, I take the liberty of doubting also the objectivity of the last census because the census sheets were prepared so as to count the Ruthenian and Ukrainian nationality together (!), so that the Slovak bureaucracy took care to assure precisely what we do not like about the Czech bureaucracy. Only in response to protests from Ruthenian Renewal [Rusinska obroda] instructions were issued to correct the error by census commissioners which was done in some places but not in others. (No one has made any correction in my census sheet; in fact no one has picked it up to this day.)

The number of Ruthenians inclining toward the Ukrainian nation is negligible and can be found almost exclusively among certain intellectual circles and resettlers from the USSR. And it is precisely this example which causes endless disputes between them and Ruthenians oriented toward their own distinct nationhood.

Vasil Turok, a representative of the Ruthenian Renewal, expects that it will be at this congress when Ruthenians in the various countries unite in an effort to attain national and cultural identity, an end will be put to Ukrainization and the process of assimilation will stop or at least slow down. To bolster Ruthenian identity the Ruthenian Renewal has taken a number of steps—the Ukrainian National Theater in Presov was renamed Alexander Duchnovic Theater (A.D. was active in the Ruthenian national revival—author’s remark)—but of much greater importance is that they gradually moved from the Ukrainian to the Ruthenian language. On this Vasil Turok’s comment was:

“...and right away we had a full audience. Not because they had not understood earlier but because we began to respect their national feelings.”

\* \* \*

It is said of the designation Transcarpathian Ukraine that it is an invention of “the father of nations” Stalin; that it involves looking at this region from the east is

confirmed also by that “trans.” For the Ruthenians living here their native land has always been below the Carpathians and so they never accepted Trans-Carpathia; for them it was always Subcarpathian Ruthenia.

Most of the delegates, about ninety, came from Subcarpathian Ruthenia. Others came from Poland, Yugoslavia and the dominant personality was professor Paul Robert Magocsi from Toronto, director of the Carpatho-Ruthenian Center.

Vasil Turok presented a rather extensive report, an analysis of the condition in which the Ruthenian ethnic community finds itself in our country and also recalled the anti-humanitarian methods with which this nationality was manipulated in the past. He called it the tragedy of the past several decades when the former regime came to power refusing to recognize Ruthenians as a nationality and adding to the abolition of many natural rights also liquidation of their Greek Catholic Church. Thus were the Ruthenians forcibly torn away from the heritage of their ancestors.

“Our priceless relics are in the Svidnik Museum of Ukrainian Culture, claimed proudly by a neighboring nation,” said Vasil Turok. “Our language is in a deplorable condition, driven by Ukrainizers out of literature and into the street and kitchen.”

A first attempt to return the literary language to its dignified place was made in the A. Duchnovic Theater mentioned earlier, and today it can be said that it is the only Ruthenian theater in the world.

The Union of Ruthenians and Ukrainians in Czechoslovakia (formerly the Cultural Union of Ukrainian Working People) drew a spate of accusations for their activities during the former regime. They included not only forcible Ukrainization, neglect of Ruthenian ethnicity and totalitarian methods in general, but also unwillingness to respect the Ruthenians in present-day conditions. A number of discussants picked up this topic. One of them drew attention by offering an amusing example of how a born-again old organization adapts to new conditions, albeit only by changing its name: first it was the Union of Ukrainian Working People, then Union of Ukrainians-Ruthenians, shortly thereafter Union of Ruthenians-Ukrainians and lastly Union of Ruthenians and Ukrainians. This was startlingly reminiscent of the projection of Slovak identity into the name of our republic, ridiculed and vulgarized as a so-called hyphen war. Well, progress cannot be stopped and yielding to its natural flow only with clenched teeth comes out in time only as a comical effort to sustain the unsustainable.

Professor Magocsi’s presentation was awaited with great expectations and I believe that it did not disappoint. His talk (in the Ukrainian language) was academic in form and the speaker offered a lucid survey of the historical development of the Ruthenian nation from the earliest time to the present, in the entire Central European area

with links to the nations and nationalities of this region. He too touched upon the painful problem of Ukrainization. In his view the tendency to merge and hold smaller nations with larger ones is not an accidental phenomenon. He cited Bulgarians who regarded Macedonians as a branch of their nation, but also an example very close to home when Slovaks were considered a branch of the Czech nation. The frequent applause interrupting the lecture was testimony to agreement with its spirit, but also a sort of an answer to those Ruthenians who see their origins in the Ukrainian nation. Professor Magocsi confirmed also a continuity of suppression when he described Ukrainian structures in the USSR as similar oppressors of the Ruthenians as were Russian structures vis-a-vis Ukrainians....

In matters of Ruthenian ethnicity prewar Czechoslovakia was much more democratic than the neighboring states, even in the republic itself. In 1948 we had 272 grade schools with Ruthenian as the language of instruction and 22 thousand students.

Ruthenians in Poland (Lemkows) survived a greater national tragedy and more brutal persecution than those in our country. But it is of interest, as claimed by Professor Magocsi, that they are much more advanced in language culture. Surely this is due to the fact that the Lemkows have writers who write in the native language.

A survey of conditions in which they live and develop showed the Ruthenians (Rusniaks) of Yugoslavia coming out the best. There they have enjoyed opportunities for undisturbed development so that even 250 years of separation from their homeland—by the way, from southern Zemplin, from the vicinity of Michalovce—has not destroyed ethnic consciousness.

A mini-press conference with Professor Magocsi was arranged during one of the congress intermissions, directly in the bus of the A. Duchnovic Theater ensemble. In his view the main contribution of the congress was to enable Ruthenians to meet and inform each other of the conditions in which they live. Asked about the movement's political ambitions the professor replied that it does not pursue political but rather cultural goals, and that he himself is not and has no ambition to become a political activist. If someone should think that little has been achieved by Ruthenians "just meeting each other," let it be noted that the regimes of the interested countries took very great care to maintain a state of ignorance and mutual lack of information among Ruthenians. Hence also the striving of those from Yugoslavia—establishing contacts often required various stratagems to conceal the goal of learning about their brethren abroad.

The vice president of the movement of Subcarpathian Ruthenians is 69-years- old Vasil Socka-Borzavin from Uzhorod, a Ruthenian writer. We met for dinner still on Friday. I was impressed by his broad knowledge of the Slovak literature and his recounting (by the way, in beautiful Slovak) of his trips to Slovakia when he always

goes to see memorials of Slovak literature. As he told of them from Bratislava to Zupcany my memories came back of our bus trips from Bratislava to Budmerice to "young authors' seminars" and of the speed with which we glimpsed from the bus windows Sturov, the memorial at Modra and we, although on the spot, somehow felt prevented from stopping, pausing—perhaps it was timidity, shame, aversion, immature nationalism, I don't know....

Vasil Socka-Borzavin said in his report: For long decades Ruthenian children in Subcarpathian Ruthenia did not learn about any classical work of Ruthenian literature. Ruthenians have no schools, no journal. On 19 November 1989, for the first time after years, the Ruthenian anthem was played on the occasion of observing the 200th anniversary of the historian Michail Luckaj. Vasil Socka-Borzavin admitted that their movement has the goal of establishing a sovereign republic of Ruthenians in Subcarpathian Ruthenia.

Andrij Kopca spoke on behalf of Polish Lemkows. Although slight in build, he managed by his vigorous presentation to gain instant sympathy of all delegates, about four hundred in number. And since Andrij Kopca is also a poet, it was a natural that he added a few words of poetry. The Lemkows face similar problems as elsewhere: Ukrainization, Polonization, no support from the state. After World War II the Lemkows suffered brutal persecution for alleged collaboration with the Bandera bands ranging from direct physical liquidation to banishment of entire villages. Ignorance in relations with them persists to this day.

Speaking on behalf of Ruthenians (Rusniaks) in Yugoslavia was Lubo Medesi, chairman of Ruska Matka. He focused mainly on the activities of this non-political national-cultural institution. His presentation offered strong evidence that Ruthenians in Yugoslavia enjoy the best conditions for maintaining and developing their national culture and identity in comparison with all the neighboring countries. They have their own literary language, literature, radio and TV programs, a publishing house. The first book in the Ruthenian language was published by Ruski Kerestur in 1904! In a comment on self-pitying complaints he said: We ourselves bear responsibility for our national and cultural life. Today it is no longer enough to look for culprits; we need to focus on a search for solutions. So get hold of yourselves, the work is today. None of it can be left for the future generations.

#### **Reform of Forest Management Explained**

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[Article by Eng. Zdenek Domes, director of the Department of Forestry in the Czech Ministry of Agriculture: "Forestry Reforms in the Czech Republic"]

[Text] Forests in the Czech Republic cover 2.637 million hectares. Virtually 96 percent of forestland is utilized by

state and public organizations. The remainder is managed by agricultural cooperatives (109,000 hectares) and private individuals—only 1,386 hectares.

**Table 1. Organizational Structure of the State Use of Forests in the Czech Republic**

User	Area, in thousands of hectares
State forests	2,318.4
Military forests	166.1
Schools and research institutes	34.9
Office of the President of the Republic	5.5
Other state organizations	1.7

A decisive position is occupied by state forests, represented by eight enterprises which manage forestland, two engineering enterprises, and one commercial enterprise. The total number of employees exceeds 55,000 persons, the acquisition price of basic assets was 22 billion korunas [Kcs]. State forestry enterprises were developed over the course of more than 40 years of socialist forestry management with the understanding that their right to use 80 percent of all forestland in today's Czech Republic is an irrevocable and nontime-limited certainty. A complicated multilayered bureaucratic system came into being in which there was a ratio of one technical-economic employee to 180 hectares of forests and 3.2 forestry workers.

It is no secret that the public accepted the virtual nationalization of the forests with satisfaction, as a manifestation of the general recognition of the social significance of the forests and a guarantee that "the forests—the green treasure of the republic," will be administered with full responsibility and specialized care.

The answer to the question whether these expectations were fulfilled has been known for a long time: State ownership did not assure the economic rationality of production and working processes and permitted the violation of stability in the forests from the standpoint of lumber production and from the standpoint of the so-called remaining utility functions. Moreover, the very existence of the forests is threatened in large areas. The newly forming political and economic system is expected to bring about a remedy. This is an understandable and justified demand. However, the notions entertained by the public—and not only the lay public—on the reasons for the unsatisfactory status and ways of changing it are, unfortunately, distorted in many directions.

#### Principal Problems of Forestry Management

In the general subconscious, the view predominates that the principal substantive problems of forestry are the following:

- Excessive extraction of timber.
- Greater requirement of funds to secure the utility function of forests than can be offset by revenues

- from the sale of timber and other forestry products and revenues based on hunting and game-keeping.
- Emissions.

This also gives rise to the notion that the fundamental condition for improving the status of the forests is a reduction in the extraction of timber and greater participation on the part of the state budget in covering the needs of forestry.

However, such an evaluation is highly simplified and even dangerous because of its seeming obviousness and simplicity, because it tends to provide disinformation to the public which is sympathetic to the forests. The justification for this claim is obvious, if we realize that:

- While timber extraction has exceeded forestry plan regulations constantly since the end of World War II, the status of timber supplies is developing in such a manner that appropriate optimum extraction quotas did not begin to be lowered until 1983, and then only in a negligible manner; for example, for 1991, the quota is only 3.5 percent lower than that for 1983. It is moreover true that, to accomplish the immediate balancing in the difference between the regulations of forestry plans and actual extraction, cumulatively for all of the Czech Republic, it would be enough to lower extraction of timber on an emergency basis, that is to say, only for a single (the next) year to one-half of its volume.
- During the period 1981-90, some 17 million m<sup>3</sup> more than the forestry economic plans called for were extracted, but, at the same time, at least 20 million m<sup>3</sup> of dried-up trees, broken timber, and timber which was extracted, but was not utilized, remained in the forests.
- Gradually, but clearly, the planned period of the forestry production cycle is becoming longer, from 93.4 years in 1920 to 102.6 years in 1970 and 112.1 years now.
- There is a relative surplus of older stands, which is persisting at the expense of younger stands (by 16 percent, in comparison with the model).

Thus, the problem clearly is not only in the volume of timber extraction, particularly if we consider it on a global basis for the forests of the Czech Republic, but rather that relatively high timber extraction was not utilized to improve order in the forests and to improve the space and time arrangement in forestland. And this could not even have happened because the semiofficial and official stress placed on the harmful nature of so-called excessive timber extraction essentially deliberately concealed the subordination of the actual incursions made in the forests to the dictates of the central balances. Completely without compromise, these balances demanded other timber than that which was growing in the stands and which the forest economic plans were proposing for harvest. This structural conflict

is reflected in the status of the forests much more specifically than the differences in the volume of timber extraction.

The view that the long-range economic problems of the forestry economy are caused by the financial costs of the so-called remaining utility functions (publicly beneficial functions), is similarly disinformative. The actual cause lies with the deformed and unjustifiably low prices of raw timber in comparison with world prices.

The concentration of forestry ownership and use rights in the hands of the state made it possible to create wholesale prices for raw timber by the industry branch method. They were intended to cover the costs of the branch within the framework of the entire federation and to assure a given measure of profit. However, such a price design indicates that production organization units operating in below-average production conditions are managing, for wholly systems reasons, with negative profits (loss) and are dependent on the redistribution of part of the profits produced under more favorable conditions. In the system of the planned economy, this redistribution was realized through the breakdown of indicators contained in the state plan. (There is a need to recall that, in recent years, the redistribution itself no longer was adequate and subsidies were called for.) Current world prices for raw timber assure a profit which is adequate for so-called relative relationships with the state budget while taking the other functions of forests into account and profits earned under the worst production conditions. Problems involving financing can then occur only in organizational units which show an unfavorable deviation in terms of being represented by different age classes of trees and in areas which are heavily impacted by emissions, where it was necessary to speed up the liquidation of dying stands in large areas so that the small leftover timber inventory and the commensurately low extraction and sales were not able to create adequate resources to finance abnormal cultivation tasks, even following price adjustments.

Of course, the inability to create adequate resources based on fulfilling publicly beneficial functions is not system-wide in the forestry industry, but is a local problem, solvable through the purposeful participation of the state in financing work, the cost of which cannot be covered from compensation for damages, paid by emission culprits, or possibly by the deliberate redistribution of differential profits. The distorted notions regarding the seriousness of the influence of the other utility functions of a forest upon the level of forestry costs is documented, among others, also by the fact that the share of costs of so-called work which has an overall social significance does not even amount to 2.5 percent.

Damage to forestry stands in the Czech Republic through emissions undoubtedly has an influence upon the status and development of forests and upon the economy of forestry management, but notions regarding consequences often, for the most part, do not reflect the percentage shares of individual degrees of damage done

to the overall expanse of Czech Republic forests (excluding military forests) listed below.

**Table 2. Share of Individual Degrees of Damage Done to the Overall Expanse of Forests in the Czech Republic**

Forest Stands	%	
No signs of damage	41.8	
Early signs of damage	32.8	
Subtotal		74.6
Moderately damaged	18.0	
Medium damage	4.6	
Subtotal		22.6
Heavily damaged	1.0	
Very heavily damaged	0.2	
Dying	0.1	
Dead	0.1	
Subtotal		1.4
Barren areas	1.4	
Total	100.0	

Areas which were cut over as a result of damage since 1958 and have been renewed are included under individual entries showing degrees of damage, in accordance with their current status. They account for 45,400 hectares (1.9 percent), with 30,700 hectares being located in North Bohemia Kraj (12.3 percent of the kraj's land). In view of the fact that the share of forests which have been heavily damaged or significantly damaged, including areas already exploited, amounted to only 3.3 percent and if we consider that this is a cumulative total for a period of more than 20 years, the influence of emissions upon the economy of this branch should not be overestimated. On the other hand, however, final evaluation should be done as soon as possible with respect to such phenomena as damage caused by game and by permanently neglecting the importance of the correct species composition of timber stands.

The area of timber stands damaged by game which chews and peels the bark of trees is more than twice as large as timber areas destroyed by emissions or areas which are dying and increases by 3,000 hectares each year. The number of game animals which, for example, in the case of deer, increased from 3,000 in 1948 to 22,000 in 1989, is not controllable by such external factors as emissions and could have long since been adjusted to a tolerable level—even though it is precisely the forests under state ownership which lack the necessary motivation for this, much the same as they lack motivation to maintain an optimum representation of species when reforestation work is being done, a representation which predetermines the future resistance of a new forest stand to various influences, particularly emissions, from the very beginning. Thus, we inevitably reach the conclusion that the "ills" of forestry management obviously have systemic causes and cannot be cured (only) by reducing timber extraction and by increasing the influx of funds.

### Changes in Ownership Relationships

The privatization of capital under state ownership represents the main principle and instrument of economic reform. The virtually all-round agreement by the lay as well as the specialized public regarding the renewal of private ownership, however, is not accompanied by a general understanding of the systems function and essence of privatization and this, in turn, opens the way for the dissemination and assertion of concepts which, in actual fact, move toward pseudoprivatization.

The philosophy of privatization is based on the finding that the chronically low profitability of the majority of state enterprises, which virtually leads to their dependence upon being financed from the state budget, is not a "prerogative" of centrally planned and controlled socialist economies, even though it is typical precisely for them. This manifestation is also indicative for a market economy, in which state enterprises do not occupy a dominant position. Its reasons are found in some systems attributes of state ownership.

Evaluating the profits achieved, making decisions regarding their utilization, and making decisions on measures to be taken with respect to the administrative apparatus is fully in the hands of owners of private enterprises (for example, in the hands of stockholders), who are absolutely responsible for the quality of their positions as a result of their invested property. The state, as a legal entity of a special type, cannot establish such a property-responsible representation for its ownership rights. The subordination and responsibility of the management apparatus to the owner is, therefore, replaced by a sense of subordination to specific organs of state administration. In the absence of their own property investment and in the face of the unavoidable centralism of state power, the activities of these organs are open to subjectivism, bureaucratic practices, and considerations of the interests of the governing, as well as opposition political forces.

State ownership, which is theoretically motivated and justified by the need for more responsible and more high-quality management than that of which private ownership is capable, thus, virtually acquires a privilege of being able to exercise a lower degree of responsibility and quality.

Some reform concepts see a path toward rectification in strengthening the entrepreneurial functions and jurisdictions of state enterprises, at the expense of that part of the implementation of ownership rights which the state has thus far arrogated to itself. They propose that state enterprises be granted the same degree of autonomy in handling basic assets and profits earned from them as exist for private enterprises. They do not take into account that the enterprise legal apparatus would, thus, acquire rights which only have adequate countervailing forces in the responsibility exercised toward the owners

and their property investments. The privilege of lower responsibility remains an attribute of a state enterprise even in this case.

A key substantive problem involving the execution of ownership rights by the state is clearly the making of decisions on utilizing the profit which remains after fulfillment of all payments and tax obligations to the state budget. A fundamental right of an owner is the right to profits stemming from the property involved. In his hands, therefore, even rests the decision as to which portion of the profit remainder is to be set aside for reproduction and development of the enterprise and how the rest will be handled. Of course, this also gives the state the right to accomplish a so-called redistribution of the revenues of state enterprises. Thus, redistribution in and of itself is not a contemptible privilege of the state. However, it is true that only the state has the practical privilege of proceeding in an irrational manner and to use redistribution for purposes of achieving long-term deferment of effective changes in enterprises which are obsolescent and, by simultaneously siphoning off resources, cause the obsolescence of enterprises who have, hitherto, been prosperous.

This second effect is far more dangerous than the first, because it leads to the rapid and general equalization of the state sector at a low level of efficiency. It is, however, true that it can be easily eliminated by establishing standards which will permit the enterprise to share in the remaining profit at a relatively high level. Such solutions are frequently considered to be the optimum arrangement of relationships between enterprises or state forestry establishments and the state, particularly by the forestry public. They forget that what they are dealing with is virtually a leasing relationship with regard to state capital for rental payments, which are equal to the state's share in the remaining profits, a relationship in which the renter has no legal property responsibility. The claim regarding the absence of legal property responsibility is justified because not even the employee collective as a whole, nor the director nor any other components of the administrative apparatus, participate in the property of a specific state enterprise.

If we summarize all that has been said thus far, we reach the conclusion that the strength and rationality of feedback ties, based on the private ownership of capital, cannot be achieved under state ownership and under formally similar or very similar organizational-legal structures. The differences are systemic in nature and the consequences are so weighty that they cannot be solved in any other way except through privatization, that is to say, by changing state ownership to private ownership.

### Conditions for Privatization in the Forestry Economy

In the forestry economy, just like in agriculture, there exist two levels of ownership relations: relations to the land and relations to enterprises operating on the land. From the standpoint of privatization, both areas are different.

Article 10 of the Constitutional Law dated 18 April 1990 proclaims that the basic forestry land fund (much the same as mineral wealth, basic energy resources, natural supplies of subterranean water, waterways, and natural therapeutic sources) is owned by the state. Details were to be stipulated by a law adopted by the Federal Assembly. Because this has not happened thus far, a dividing line between basic and other forestland is not legislatively available.

The above constitutional article is already a problem by reproducing, in Section 1 of Law No. 61 dated 26 October 1977 on forests, the previously introduced breakdown of the so-called forestry fund to:

- a) Land parcels being part of the forestry land fund;
- b) Forest timber found on the forestry land fund.

The above breakdown made it possible, through the use of additional provisions contained in this law, to deprive a private owner of a forest of the ability to exercise his ownership rights with respect to forest stands, without depriving him of the ownership of forestry land parcels. The law dated 2 May 1991 on regulating ownership relationships with respect to the land and to other agricultural property solves this problem in Paragraph 2 of Section 2, according to which the owner of a land parcel is the owner of any timber stands which grow on it.

If we now summarize the indicated consequences of the obligatory state ownership of a substantial portion of the forestry land fund, it is clear that the basic form of privatizing forests involves the renewal of the original ownership relationships. This will happen particularly on the basis of already approved laws on the transfer of some property items from the ownership of the Czech Republic to the ownership of communities and on the basis of the law on ownership of land and other agricultural property, and on the basis of the anticipated law on the property of churches, religious societies, religious orders, and congregations.

The above laws pertain to 800,000 to 1.2 million hectares of forests, that is to say, 35 to 50 percent of the area which was utilized by state forestry enterprises and by unified agricultural cooperatives as of 1 January 1990.

Even with that, the share of forests remaining under state ownership is substantially higher than was the case on the same territory of the Czech lands of the prewar republic (17 percent) and is substantially higher than the percentage of state forests in present-day Austria (17 percent) and in United Germany (30 percent).

These forests, which, after restitution, will remain under state ownership, will not be privatizable until such times as a law is passed which would rescind the category entitled "Basic Forestry Land Fund"—or one that will contain an appropriate definition. However, another solution is possible: Forego the explicit definition and have the law outline criteria and procedures for setting

aside specific forestry land parcels from the basic forestry land fund, which would facilitate the subsequent privatization of some forests.

In this connection, it is necessary to stress that the institution of state forests, that is to say, forests under state ownership, is a historical one and is not, in and of itself, a product of socialization actions. It existed and continues to exist in parallel with private forests even in countries with market economies; of course, it does not have a dominant position there.

**Table 3. Utilization Relationships Pertaining to Forests in the Czech Republic as of 1 January 1990**

State forests	2,296,106hectares
Forests operated by agricultural cooperatives	107,118hectares
Privately owned forests	1,791hectares
Other	223,978hectares
Total area of forestland in Czech Republic	2,628,993hectares

The principal advantages of state ownership of forests are generally considered to be the following:

- The permanency and balance of state forests as a whole in terms of extraction and profitability.
- The higher degree of specialized level pertaining to the administration of forests.
- Greater willingness to fulfill the so-called extraproduction functions of forests.
- Easier access to state budgetary funds.
- Property stability, particularly the absence of a gradual disintegration of property as a consequence of inheritance processes.

A more detailed analysis shows that what is involved here is more the advantage accruing as a result of the above-average size of state forestry property than an advantage of state ownership of the same. In forests managed by the clear-cut method, the extraction and profitability permanence and balance is conditioned by a certain age group and spatial composition of the forests. The creation and maintenance of such a structure is possible in practice only if forestry property is adequately extensive in size.

Another aspect once more has a primary connection with the size of forestry property. From the standpoint of the owner, comprehensive and systematically specialized administration of a forest at his own expense is not economically tolerable or advantageous unless profit from the forest is adequately high, constant, and balanced. Once again, this is not a case of a systems tie-in to state ownership.

A closer relationship with the state budget by forging the character of state forestry organizations as budgetary organizations or contributory organizations is not always advantageous. Only rich state budgets can assure financial support for forests to such an extent that they can

select optimum methods of management, even if there is a shortage of their own financial resources.

### Property Stability

Property stability is relatively most important, but even it is not a prerogative of state ownership, because it is also characteristic for church properties, properties of religious orders, foundations, and legal entities in general.

Despite the above conditions, it is clear that state ownership of forests is desirable to an appropriate extent. Therefore, not even the absence of a constitutional obstacle should lead to its demise and, for the future, it is possible to think more of a purposeful reduction, for example, to the benefit of private farms which have adequately large forestry components.

Of course, the necessity or the purposefulness of retaining the institution of partial state ownership of forests does not lead to the uselessness or even damaging nature of privatization pertaining to the real and movable property of existing state forestry enterprises. The state, as the owner of state forests, cannot be theoretically or practically (and that particularly) exempt from the pressure exerted by the legalities of the market economy. While it is possible, without these pressures, to assure a good forestry and ecologic level of forest management, it is not possible to connect this good level with the maximum economic rationality of managing forests. Managing entities, operating on state forestland, do not have the right to the privilege of lower economic rationality, much like physical and legal entities operating in nonstate-owned forests do not have the right to the privilege of bringing about a lower forestry level. Connecting good forestry and economic (financial) management can be assured only by connecting the legislative and contractual framework (a forestry law, a forestry economic project, a law on the environment) with entrepreneurially oriented and motivated conduct on the part of the operating entities. Therefore, the concept of privatization is based on the following theses:

a) The economic and forestry goals of the reform in the forestry economy cannot be achieved only by changing the political structures of centrally oriented bureaucratic management, but by changing this system of operating state forests for an entrepreneurial system.

b) The transformation of current state forestry enterprises and plants into forestry societies does not represent a negation of a long-term requirement levied by working collectives and calling for economic and forestry independence. However, it is a negation of that type of independence which arrogates to itself the right to make decisions or to participate in making decisions without bearing a similarly large share of the property responsibility for the results and consequences involved.

There is no reason to expect that one and the same working collective will act more like specialized foresters and will act in a more refined manner under the

umbrella of a forestry enterprise than it would under a forestry society. However, it is perfectly clear that the collective will be compelled to conduct itself rationally under such a society.

The process of transformation itself will take place gradually through forestry societies and through a natural adaptation to the external market environment. This rebirth will be socially less painful and economically far more rational than the sometimes recommended immediate rendering of the activities of forestry economy organizations more efficient by way of administratively controlled reorganizations and restrictions.

The transformation of state forestry enterprises and plants into forestry societies is considered by the opponents of privatization as a threat to optimum forestry management and to the fulfillment of the extraproduction functions of the forests. They recommend only the selling off of basic assets on an individual basis, as well as in entire sets (workshops, warehouses, nurseries, etc.) to private entities who would then be expected to assure those outputs which were being hitherto realized by forestry enterprises and plants at their own expense. They call the above sell-off a privatization of activities. However, it only involves a partial change which does not alter the quality of the economic entity of state forests and retains the fundamental systems shortcomings inherent in organizations of the budgetary type: the necessity and opportunity to prove one's economic needs in the eyes of the financing organs.

The quantity of "needs," for the most part, cannot even be unequivocally demonstrated, nor can it be disproved and this gives rise to a greater or lesser degree of voluntarism in directing the organizations. Experience shows that this is true of all entities which are not fully dependent for their existence on their own formation of financial resources.

Such a dependency is created only by the entrepreneurial activities of owners and the economic reform is therefore aimed at privatizing the conduct of economic entities through privatizing ownership relationships. However, with state ownership of an appropriate part of the forestry fund being retained, private entrepreneur real entities can manage and operate the forests only on the basis of a contract.

The contractual relationship of denationalized and privatized enterprises and state forestry plants with respect to the state forestry fund will conform to the rental relationship with respect to private forests—a status for which they should be striving for reasons of continued existence and for outright forestry-based reasons.

### The Method for Privatizing State Forestry Enterprises and Plants

The skeleton for the concept of privatizing current state forestry enterprises is made up of the transformation of

state forestry enterprises and plants into the legal entity of "State Forests of the Czech Republic" and into forestry societies.

The legal entity of "State Forests of the Czech Republic" will be carrying out ownership rights with respect to land plots and timber stands and objects of the so-called forest infrastructure (forest paths, the damming of rapids, game preserves, forest preserves). With the exception of forests located in national parks and some other cases stipulated by statute, in which it has the obligation of even managing operations at its own expense, this property will be administered by the state (registered, purchased, permitted to be used by contract and for compensation, exact and accept compensation for deforestation or damaging the forests, etc.).

The contracts which the "State Forests of the Czech Republic" will be concluding with forestry societies for a period of at least 10 years (better still, 20 to 30 years), will contain agreements covering compensation and conditions for use, as well as specific services to be rendered to the owner (the keeping of property records, the making of reports, marketing coordination, etc.) within the framework of a broader region.

The "State Forests of the Czech Republic" will defray all of the expenses connected with its activities out of its revenues; profits will be taxed.

Thus, the property of existing state forestry enterprises and plants is to be, within the framework of privatization projects, broken up into a part destined for transfer to the legal entity of "State Forests" and into a part destined for transfer to forestry societies. The first property category will include forests owned by the state and the infrastructure which is necessary for their rational forestry management—in other words, property which will be transferred to the "State Forests of the Czech Republic," which has been extracted from privatization (at least until such times as possible legislation is passed which will require or facilitate privatization).

The "State Forests of the Czech Republic" will come into being by changing the appellation and adjusting the activities of one or another of the current state forestry enterprises, after taking out of it that portion of the property which is to be (or could be) privatized through the vehicle of the forestry society. The transformation of forestry plants and centers of forestry enterprises into forestry societies is supposed to bring about creation of economic entities without mutual subordination, which are suitably oriented toward performing activities and work for owners and users of forests.

Contracts governing the utilization of forests will contain obligations which are not enforceable on the basis of laws and decrees on forests (including forestry economy projects), but which the owner (State Forests of the Czech Republic) will require the societies to manage and operate. By signing the agreement, a voluntary relationship will come into being which is, from the legal

standpoint, far stronger than the existing statutory relationships between forestry enterprises and plants and the forestland being managed.

#### Principles of Reform

a) The basic forestry land fund, as defined in Article 10 of the Constitution, cannot be privatized and is made up of forestry land parcels which will not be returned to the original owners on the basis of already adopted or anticipated laws.

b) There are serious objective reasons for retaining state ownership in the majority of forests which will remain under state ownership after restitution. Possible privatization is meaningful only for a portion of the state forests.

c) The prohibition to privatize the basic forestry land fund cannot be interpreted as being useless or even harmful with respect to the transfer of real and movable property owned by existing state forestry enterprises (which does not include the forests themselves) to private legal entities (forestry societies) by favoring privatization through the use of investment coupons over other means of privatization.

d) The state as the owner of the state forests cannot be exempt from the pressure of the market economy, either theoretically or in practical terms (particularly the latter).

e) The publicly beneficial functions of forests and their significance in terms of the environment do not make state forests into an exclusive ecological quantity. "Ecological management" is expected of other owners of the forests and other production branches. The consistent assertion of notions that ecologically important activities can only take place under direct control of the state would have to lead to rejecting the private sector, not only in agriculture, but in industry and transportation as well.

f) Natural and close ties exist between forest reproduction as a complicated system, the production of timber, and the production of other useful functions, and these are primarily reflected under market conditions in production costs and timber prices. The coverage of expenditures for ecological components in the reproduction process through the price of timber is much more natural and thorough from the systems standpoint than if it were accomplished through subsidies and intervention to retain a lower price level. Subsidies and intervention payments have only a seemingly favorable social aspect—in actual fact, they require higher taxes and payments to the state budget and make the forestry economy less transparent from the standpoint of its rationality. Moreover, they augment pressures for the retention of existing levels of timber consumption.

g) The gradual liberalization of timber prices is a necessary systems condition for achieving a balance between economic and ecologic parameters of development pertaining to the forestry economy under all forms of ownership.

h) The current legal standards for forestry and related activities are in many respects not commensurate with the changing ownership and economic conditions, but, nevertheless, facilitate the most essential regulation of managing the forests during and after realization of the economic reform and do not, therefore, require a delay in privatization.

i) Privatization will result in the removal of centrally controlled bureaucratic structures which proved incapable of assuring the desirable state of the forests from the standpoint of timber production and from the standpoint of the so-called other utility functions of the forests or from the standpoint of the desirable economic rationality of actual forestry operations.

Their replacement by private entities whose entrepreneurially oriented and motivated conduct, which is given

direction and is controlled by already existing legislation, which is being further perfected (the law on forests, the law on the environment), by the state administration, and by the state oversight service, will result in the creation of system-wide prerequisites facilitating a good level of management, both from the standpoint of forestry and from the economic standpoint.

Placing state forestry enterprises in the first round of privatization will make it possible for them to rapidly adapt themselves to the changed ownership structures affecting their primary production base within the framework of the nascent external market environment. This rebirth will be economically far more rational and socially less painful than the sometimes recommended administratively controlled reorganization and restriction involved in deferring privatization.

Only a fundamental change in the method of using the forests owned by the state can prevent their transformation into the "shame of real socialism," a direction in which, knowingly or unknowingly, some pseudoprivatization proposals, including those which harken back to the old "golden times" of the state forests, are headed.

### Constitution Court Debates Division of Power

91CH0884A Budapest NEPSZABADSAG in Hungarian  
28 Aug 91 p 5

[Article by Andras Sereg: "Arpad Goncz at the Constitution Court?"—first paragraph is NEPSZABADSAG introduction]

[Text] At the initiative of the justice and defense ministers, the Constitution Court began working at its plenary session yesterday on the interpretation of certain constitutional issues connected with the range of authority of the president of the Republic. A decision by the court on the two proposals is expected in one or two weeks.

As we already reported, the minister of justice asked the court whether the constitutional order on the immunity of the president of the Republic refers only to the protection of the president's life and physical well-being or may it be interpreted more broadly, extending it to increased legal protection of the president's honor and dignity. And in his proposal, the minister of defense is probing into the issue of defining the range of authority of the president, parliament, the government, and the head of the defense portfolio in connection with overseeing the Army.

Dr. Andras Hollo told us in connection with the Tuesday session that a heated debate developed among the constitution justices at their closed session. The two ministers' proposals deal with a crucial aspect of the division of power: They go beyond the issues of authority, touching also upon the president's legal status. As the court's secretary general told us in reply to our question, the court will in all likelihood also deal, in connection with the defense minister's proposal, with the constitutional specification of the president's authority regarding appointments. Thus, it is conceivable that the court will also take a stand regarding the issue expounded by Cultural Committee Chairman Ferenc Kulin while speaking at parliament's Monday session about the problems related to the appointment of the vice presidents of Hungarian Radio and Television.

The Constitution Court's secretary general, in reply to another question we asked, informed us that President Arpad Goncz is expected to use his right to present his views, either personally or through his representative, to the court's plenary session.

### Government's Ability To Brake Inflation Doubted

91CH0835A Budapest NEPSZABADSAG in Hungarian  
8 Aug 91 pp 1, 8

[Interview by Judit Kozma with Maria Zita Petschnig, associate of Fiscal Research, Inc.; place and date not given: "Inflation: When the Brakes Fail"]

[Text] In 1988, when Hungary's inflation rate first assumed double-digit proportions, the Grosz administration felt that this was a unique phenomenon, a consequence of changes in the systems of taxation and

pricing. The Nemeth government already realized that it would be a great achievement to keep the inflation rate from accelerating. As for the administration of Jozsef Antall, they published the principles of their program in the belief that inflation can be stopped, even in the medium run, but certainly in the long run. Data for the first half of 1991 will be discussed by the Central Statistical Bureau at a press conference today.

Contrary to the above hopes, facts show that double-digit inflation has taken deep roots in our economy, and its growth rate appears to be quite strong, asserted Maria Zita Petschnig in an essay written late in 1990. This time we interview the associate of the Fiscal Research, Inc., and ask for her opinion concerning the price fluctuations of the past months, and the residents' chances for overcoming what appears to be public enemy number one—inflation.

[Kozma] In the recent months there have been numerous triumphal announcements claiming that the rate of price increases has slowed and that inflation is slowing down. What is your opinion on this?

[Petschnig] Let us go back a little further. In 1990 every indicator pointed to an increase of inflation. In contrast with the 17 percent increase during the preceding semester, the consumer price index showed an increase of 29 percent; the level of industrial cost level grew by 24 percent after the 156.4 percent increase of the previous six months. There was an increase from 19 to 35 percent in the rate of growth of agrarian product prices, and 10.7 to 17 percent in the construction industry. In other words, last year we failed to bring inflation to a halt.

There was no decrease in the rate of price increases this year, either. According to data from the end of April, the consumer price index grew by 34.3 percent from that of last year. Of course, looking at monthly rates, we see a slow-down: the rate was 7.5 in January, 4.4 in February, 3.5 in March, 2.5 in April, and 2.2 in May. However, this does not indicate a slowdown of inflation; rather, this is a characteristic of Hungary's pricing system that reoccurs every year. The large price-hike packages are usually prepared in January, and it is understandable that in the following months there seems to be a decrease in rate. Subsequently, however, the inflationary and devaluation expectations make their effect felt, and by September prices start climbing once again. In other words, we are presently in the usual yearly valley; there is nothing to suggest that we have succeeded in putting a lasting halt to inflation. It is quite another story, of course, that the government claims that we have succeeded: To an extent, I can understand their actions; this is how they try to cool expectations. We need such a cooling; however, it is not sufficient.

[Kozma] What do we mean when we say that the government keeps inflation under control? What are the chances that, in the near future, they can reverse price hikes?

[Petschnig] The truth is that the government has no resources to accomplish this task. It could be accomplished by a dictatorship—if it could freeze prices and wages—but, of course, we do not need that kind of a solution. Inflation can also be controlled through administrative price regulations, but this is no longer applicable; there are very few centrally set prices any more. Prices can also be held down by applying price subsidies; by now, however, it had also become nearly impossible for the budget to allocate price support payments. In other words, the government's claim that it is controlling inflation is nothing more than an attempt to pacify, to cool, the public mood. Of course, this could achieve results, but only if it is combined with other measures. For example, the government should also announce that it will do whatever it can, including all attempts to resist devaluing the forint for a certain period. However, no one has the courage to make this type of claim right now. Of course, success also demands that the government have credibility; and it is very hard to determine how much anyone believes government pronouncements nowadays.

[Kozma] Contributing to this loss of credibility is the fact that even while the government proclaims anti-inflationary policies, it is committed to a number of issues that contribute to inflation. Among these we can mention the topic of the World Exposition, the issue of compensation, or the guarantees for cereal export.

[Petschnig] Indeed, the inflationary pressure is quite strong, and as result almost anything could happen in the next six months. The rate of inflation may remain below the 40-50 percent level; on the other hand, it may exceed it. After all, there are very few limits on inflationary pressure today; everything depends entirely on how much money the government prints. Of course, budgetary spending also influences inflation, but that is also financed by the issuing bank; in fact, thus, this is the only restriction. Market-induced limit does not exist yet. The monopolistic situations have barely been loosened, there has been no strengthening of the firms' cost-sensitivity, and as for the liberalization of imports, in most cases this plays a substituting, selection-expanding, rather than price-restricting, role. To be sure, there has been an increase in the number of new enterprises, but thus far this has not resulted in market-oriented competition. Most new firms try to operate in the market gaps, and they are quite active in the inflationary earnings-oriented race that takes place in the country today. The numbers support this claim: Between 1989 and 1990 the price level rose from 21.5 to 66.7 percent at joint enterprises, and from 11.6 to 40.6 percent at individual enterprises. In other words, market restrictions are not effective in halting a wave of cost increases. What may be effective is a shortage of money. However, it is possible to make money even from indebtedness (there are estimates that the value of bank set-asides is as high as 300 billion [forints]), and, in a most recent development, even by enterprises' refusal to make their social security contributions. And, as far as inflation is concerned, these are even more dangerous. After all, if the

social security fund has no money to support child allowances or retirement pensions, then the budget must lend it the necessary money. Moreover, in a transitory economy such as ours, it is not easy to determine how much money is absolutely necessary. And if there is no exact limit on how much money can be issued, then the issuing authority is at the mercy of those pressure groups that are interested in seeing as much money as possible. We can see right now that the pressure of interest groups within the government weighs heavily on the monetary sphere. The battle has not been decided, so it is difficult to say what will happen before year's end. Anything is possible.

[Kozma] One of the Kupa program's theses was that even though the government will combat inflation, it will do so only until unemployment reaches a level that is tolerated by society. The program did not explain what was meant by this. In your view, what is more tolerable to society: inflation or unemployment?

[Petschnig] In time, it will be true that policymakers can chose between inflation and unemployment. Today, however, I feel that we must face accelerating inflation and rising unemployment simultaneously. It is generally true that inflation spreads all over society, while unemployment appears locally and touches individuals; thus I consider the latter more dangerous. These days, however, the two work hand in hand, and they mutually reinforce each other. This is an explosive situation; and it is impossible to know where and in what form these growing tensions may surface.

[Kozma] From what you have just told me, it appears that you are not too optimistic when it comes to halting inflation. Do you see any possibility for this within the foreseeable future?

[Petschnig] Not in the short run. The value of money is determined by economic processes, and there are no indications that rapid improvement can take place in our economy. Obviously, the Western countries are not digging too deeply into their pockets, so it does not look like we will receive much assistance. Nor does foreign capital appear to be in a great hurry to come to Hungary. What already has come in is, by and large, unreliable; and besides there is too little of it. I am afraid that the situation is not about to improve; as the region becomes even more uncertain, we will attract even fewer investors. Things are made even worse by the fact that we failed to introduce certain laws that would prepare an economic transformation and provide new impetus for our economic life this fall, instead of devoting our attention to ideological-political change, such as renaming streets, reinstating the national crest, or debating religious teaching at schools. Today, the situation of investors is uncertain.

Given the not quite favorable circumstances, a genuinely forceful anti-inflationary policy would also demand that the administration be more forceful in facing local

conflicts, and the existence of a society that acknowledges and accepts government decisions that are at times harsh. However, these preconditions are absent today, so that at this time I do not see any chance for putting a halt to inflation.

### **SZDSZ, Fidesz Charge Bias in TV Reporting**

*91CH0884B Budapest NEPSZABADSAG in Hungarian  
2 Sep 91 p 5*

[Unattributed article: "Statement by the Alliance of Free Democrats and Fidesz"]

[Text] The press offices of the Alliance of Free Democrats [SZDSZ] and Fidesz [Federation of Young Democrats] requested the MTI [Hungarian Telegraph Agency] to publish the following statement.

We are concerned that Hungarian Television's reporting on the beginning of parliament's fall session was even further removed from the norms of public service.

The parties of the opposition took part in the discussion on economic laws, presenting significant comments and concepts that differed from those of the government. They provided information at their parliament press conference on the real situation regarding the government's economic program and on parliament's present tasks. Those watching the news program learned nothing about this.

There was no report in Television's news program on the views of the opposition that were presented. Only a single sentence was allotted to each of the press conferences in the late-evening report. And, although we had certainly become accustomed to Television's biases, the fact that only government representatives are seen even in the talk shows seems to be a new development. Only Finance Minister Mihaly Kupa was heard after the Monday session, and only State Minister Katalin Botos and National Bank President Gyorgy Suranyi were heard on Tuesday in NAPZARTA ELOTT [Before the Day's Closing].

Since in the meantime the program summarizing parliament's activity has been discontinued, the circle has closed: Just like a few years ago, it is only the government's views that most viewers can hear in Television's news programs.

This is not counterbalanced by the live transmission either, for the latter is supposed to be not a substitute for news but rather an assurance of complete publicity for popular representation.

We emphasize that keeping quiet about—and thus practically silencing—the opposition is not the only objection that we voice. Actually, it is the taxpaying citizen who has the right as an owner to expect public television to provide high-quality and impartial political information. (MTI)

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"What do you think of all this?" we asked Tibor Franka, editor of the Sunday program A HET [The Week], about the statement above (the editor of HIRADO [Newsreel] and his deputy were unavailable).

"We have become accustomed to accusations since the free elections, but everyone was a little surprised at this last one" said Franka. "For we do not understand why the SZDSZ and the Fidesz waited until Sunday to publicize their grievances connected with a program aired on the previous Tuesday. But, irregardless, facts speak for themselves. We looked at the tapes of the Tuesday programs. It is not true that we suppressed the opinions of the opposition parties. In the original program, we reviewed their opinions and summarized their press conferences. In the repeat program, we gave a detailed coverage on their press conferences. It is our chief editor's job, not mine, to reply to general accusations against the HIRADO. But I can perhaps say this much: I would be willing to look at the news programs of the past weeks together with anyone, using a stopwatch to measure the times allotted the opposition and the coalition. I am not convinced that the coalition would win this comparison test.

### **Paper Retracts; MDF's Katona Attacks Claims**

*91CH0884C Budapest MAGYAR HIRLAP  
in Hungarian 27 Aug 91 p 3*

["Text" of Hungarian Democratic Forum representative Tamas Katona's speech in parliament: "One Must Not Lie"]

[Text] In his preagenda speech at parliament's plenary session yesterday, MDF [Hungarian Democratic Forum] representative Tamas Katona sharply rejected our article published in MAGYAR HIRLAP's [MH] Saturday issue, in which we wrote that "the anomalies of periodical rewards given to faction members" will probably be discussed at the MDF's faction meeting. We regret to say that our assumption was based on false information. The truth is what we already published in our yesterday's issue, namely, that faction members received no rewards of any kind. Any insinuation and rude attack against parliament was, of course, far from our intentions but we acknowledge our mistake. For that, we apologize to the persons involved and to the readers. In the following, we publish Tamas Katona's speech and his statement given to MH.

"Honorable Parliament!

"We are usually confused when we must list the branches of power. We were taught Montesquieu's famous triple division in those days although, for a long time afterwards, they tried to make us forget it. They are: legislation, executive power, and the judiciary. But in Hungary, prosecution based on the Soviet model exists as the fourth branch, and then we mentioned neither the local governments nor a branch of power—a branch of power?

I beg your pardon, a world power—meaning the press. For the press is a world power, no matter whether we speak of the world power of mass communication or of mass communication that can be seen, heard, or read. The branches of power operate according very strict rules; they can cooperate with one another and, thus, can work very effectively. It is regrettable from this aspect that the issues of the press are rather unregulated. We are very happy that a certain period—that of bickering between the press and the parties—is over. We are happy that the press truly gave up its not entirely unblemished or praiseworthy routines displayed during the long period of party state, trying to become a prime mover of the changes, and that the parties' impatient automatic responses, which wanted at all cost to regulate the press, to make it servile, disappeared. We are happy that all this is over. But it would be good to somehow set up at least some basic rules—even if they are nothing more than what Ferenc Deak [19th-century statesman] said, namely, that the press law could consist of just a single paragraph: 'One must not lie.'

(Strong and lengthy applause in the ranks of the government parties.)

"Alas, this press law does not exist. This is why I ask your indulgence in allowing me to mention an embarrassing article, which may well undermine Hungary's parliamentarism, before we get to the agenda. In connection with the Hungarian Democratic Forum's faction meeting and the two-day meeting of the group of representatives, Zoltan Lovas wrote in the Saturday issue of *MAGYAR HIRLAP* that the anomalies of periodical rewards given to faction members will be discussed there. These rewards may very well be quite large sums in the case of faction members with higher incomes. I say, we are the parliament of a poor country. It is not our fault that our country is poor, this is how we inherited it. We, all six parties in this parliament, tried to do something about making our country not poor but, as long as this country is poor, we must accept that parliamentary representatives are not rich either and that, in determining the remuneration for our parliamentary representatives, we did not consider inflation and, thus, our pay is the same as it was before. I do not know how other factions operate.

(Viktor Orban's interjection: "Unfortunately, not the same way.")

"But I am firmly convinced that no periodic and regular rewards are given anywhere, and this is the way it should be. I think that, thanks to parliament, and the support of parliament's six parties, there were many significant achievements in this country, e.g., the fact that no Soviet troops were stationed in Hungary at the time of the Soviet coup d'etat mentioned earlier. There was no Warsaw Pact, there was no CEMA, and we were able to draw great benefits from this. And although these are said to be government activities, it was crucial indeed that all six parliamentary parties took part in this work and that all six parliamentary parties supported the

government. I think that this parliament, which is struggling and working hard in trying to legislate its own laws, should not be shamed this way. I feel that if we do not have this single-sentence press law of Ferenc Deak, then I must appeal here and now to my colleagues and—as Mr. President always says—to our fellow countrymen who are watching the tube and are listening to the radio, not to believe what is said by a journalist who writes such things—or a newspaper that publishes such things."

(Strong applause from the ranks of the government parties.)

### **Tatar Republic Buys Wheat, Pays With Oil**

*91CH0835C Budapest MAGYAR HIRLAP  
in Hungarian 8 Aug 91 p 5*

[Unattributed article: "Hungarian Wheat for Tatars"]

[Text] The Tatar Republic indicated its intention to buy 500,000 tons of Hungarian wheat. Moreover, the deal would not be on credit bases, but in exchange for about 300,000 tons of petroleum. According to Laszlo Timar, department chief at the Ministry of Foreign Economic Relations, the Tatars would also like to purchase about 30,000 tons of flour, as well as dressed chicken and apples, also in exchange for petroleum. Experts from the OKGT [National Oil and Gas Industry Trust] and MINERALIMPEX are already discussing the details. An earlier news release revealed that the Soviet export-import firm Exportkhleb also wants to buy 500,000 tons of Hungarian wheat. The agreement concerning that transaction will be formalized within the next few days. Hungarian wheat is a subject of interest not only in the Soviet Union but also in Albania. An agreement concerning the sale of 100,000 tons has already been signed, but the Hungarian export firm would like to obtain the same guarantees that apply to the Soviet transactions.

### **'Crisis' Seen in Wine-Producing Sector**

*91CH0835B Budapest NEPSZABADSAG in Hungarian  
29 Jul 91 p 4*

[Unattributed article: "Grapes, Wine, Without Capital"]

[Text] As announced at the viticulture forum organized by the MDF [Hungarian Democratic Forum] this weekend in Tokaj, within two weeks the government will discuss the proposal submitted by the Ministry of Agriculture about how to handle the crisis in grape cultivation. The forum brought together producers and leaders of interest groups with representatives of the government: Dr. Mihaly Kupa, minister of finances, Dr. Gyorgy Rasko, state secretary for the minister of agriculture, and Dr. Sandor Toth, department head.

The forum was convened in order to discuss the region's problems with selling its products and the future of Tokaj wine, but mention was also made of the possibilities to solve the over-production crisis at the national level. We learned that there will not be a large-scale

purchase of wines (as was the case last year), because that would only prolong the problems associated with the unsalable, weak quality products.

Difficulties notwithstanding, experts do not feel that the future of historical wine-producing regions is bleak. The managing director of wine-producing enterprise sees privatization as a way out. However, Andras Bacso emphasized that this will be feasible only if we can find a foreign investor with a large commercial network, who would take care of distribution abroad. According to one concept, three firms would be established around Tokaj, using foreign capital. Agreement has already been reached with one foreign company; the deal is now awaiting the approval of the National Property Management Agency.

The minister of finance, Mihaly Kupa, felt that several methods should be combined in order to escape the crisis. In addition to the use of restricted state funds, he urged the establishment of credit unions. He also thought it urgent to create special bank dedicated to solving agricultural production. To assure those who worry about the influx of foreign capital, he announced that the wine enterprise will remain in Hungarian ownership.

The forum's participants agreed that quality should be stressed in wine production. In order to achieve this, however, we need a suitable protection of brand names, and new wine-production regulations that meet the demands of the European Community.

### **Pensioners' Situation 'Increasingly Tragic'**

*91CH0863A Budapest NEPSZABADSAG in Hungarian  
8 Aug 91 p 1*

[Article by Sandor Rege: "Subsistence Level Calculated in Ujpest; Situation of Pensioners Increasingly Tragic"]

[Text] In yesterday's issue we reported to our readers the Central Statistical Office's latest situation report reflecting conditions in June. Also yesterday, we received the Ujpest Family Assistance Center's subsistence level calculations, prepared at August prices.

According to those figures the per capita amount required to make ends meet at the subsistence level is 7,873 forints per month. It appears, however, that families with multiple wage earners were less severely affected in June, because at the subsistence level the cost of living only increased by 1.1 percent. In the case of a family of four this amounts to an increase of 336 forints, approximately the cost of one day's worth of groceries. This year, incidentally, the minimum cost of living of a family of four has already increased by 28.8 percent. What this also means is that in order to remain at the subsistence level the family needs to bring in another wage earner whose income exceeds the minimum wage. Without such a contribution, the family must completely forego buying clothing, maintaining its home, acquiring home appliances, or getting them repaired just so that

they do not go hungry. These kinds of families probably also lack funds to purchase school supplies or even medication.

But it is the pensioners whose conditions are becoming the most catastrophic. The average pension in the capital city (8,662 forints) is not much above the per capita subsistence level for pensioner couples, and is below the subsistence level of single pensioners. Hence, more than three-quarters of the pensioners living in the capital city are receiving pensions that are below the subsistence level. At the same time we know that last year, only 16-18 percent of our pensioners were able to find employment to augment their pensions. Also continuing to deteriorate, regrettably, is the value of the family supplement, which covers little more than one-third of the minimum cost of living for children.

### **Gypsy Leader Osztokan on Organization's Plans**

*91CH0863B Budapest BESZELO in Hungarian  
10 Aug 91 pp 18-19*

[Interview with Bela Osztokan, Phralipe leader and general secretary of Roma Parliament, by Gabor Santa: "We Are Many and We Have Nothing; Conversation With Bela Osztokan"]

[Text] The writer Bela Osztokan is one of the leaders of the first independent Gypsy organization, the Phralipe, formed in 1989; general secretary of the Roma Parliament, established in 1990; and responsible editor of the Roma Parliament's journal and of AMARO DROM [Our Journey], a periodical launched this summer.

"As practiced, the Gypsy policy of the Hungarian People's Republic had gradually exhausted the concept of genocide. In the name of the callous interest of the majority, the Gypsy population has been robbed of its universal human rights as an ethnic minority. It has been robbed of its ethnic values, and surrounded by stigmas and false myths that depict it as a delinquent, over-supported, undeserving, vagrant, and unreformable lot. It has been humiliated, stigmatized, excluded, and treated as an outcast of society; banished to the slave-like existence of unskilled workers, self-hatred, and a feeling of worthlessness." [Cited from documents of the Roma Parliament and its petition to the National Assembly.]

[Santa] What is meant by "genocide" in the above passage?

[Osztokan] Policies that openly or covertly have a strong assimilation orientation, in our opinion, are genocidal in character. Naturally, I am not talking about physical genocide, but about the destruction of a people, an ethnic group, a culture. The MSZMP [Hungarian Socialist Workers Party] had callously pressed ahead with this policy. Perhaps out of ideological convictions, or God knows what. This applied not only to the Gypsies but to other nationalities as well. The ethnic or Gypsy minority organizations that had acquiesced to this policy were parties to those genocidal practices, and were guilty

of the same crimes against their own people. What the National Gypsy Council, created by the Patriotic People's Front, was expected to do first and foremost was to organize crime prevention councils and to cooperate closely with the law enforcement agencies. This was the only thing it was able to do. The Cultural Organization of Hungarian Gypsies was to carry out tasks assigned by the Ministry of Culture, which in reality never assigned it anything, treating it instead as a showcase organization for the West to see as evidence that we also had human rights here. They naturally opposed and refused to allow any manifestations of ethnic existence or status. Gypsies—as they put it—were not even an ethnic group. Then in 1984, they decided that we were, in fact, an ethnic minority after all, which signalled the beginning of an officially sanctioned and an underground organization.

While the political system may have changed, the mentality of our old leadership has not. Back then they were currying favors with the MSZMP, today they are making overtures to the new forces in power. This kind of sycophantism does not in any way further the interests of the Gypsy people. It is incumbent upon us to negotiate with the prevailing political power, but only as honorable negotiating partners; both sides must represent their respective interests. For this is the proper thing to do. But to subserviently and slavishly implement the political goals of others, in my opinion, is tantamount to betrayal. Such elements were at work during the time of the MSZP [Hungarian Socialist Party], they are around today, and I suspect they will be more and more commonplace in the future.

There has always been and will always be spontaneous assimilation. But if it is done in a forced or manipulative manner, it produces resentment. Every culture and human community has a natural desire to survive, which is something that must be tolerated, permitted and allowed to surface in any system calling itself democratic. Where this is not allowed, there is no democracy. Those people who wish to adapt to, or assimilate with the majority society should go ahead and do so; let it be their choice. But they should also have the right to integrate into the majority society as we cannot be left hanging on the edge of society; this does not benefit anyone. Excommunal existence benefits neither the Hungarian, nor the Roma societies.

[Santa] I have heard that your plans include the building of a Gypsy-language school and perhaps even of a whole network of schools. Where does this process stand now?

[Osztójkan] Phralipe has already prepared a school plan. What we would like to have is a college preparatory high school. It would function in accordance with the Hungarian, in other words the traditional, educational system, but as part of their preparation for college students could elect to study the ethnography, history, and language of the Gypsy people, in other words, they could receive an exercise in identity development. We would start at the secondary level so that hopefully by

the time he reaches the higher institution, the Gypsy student can become a Gypsy intellectual, willing to accept his origin and able to assume his identity with dignity. This would be—to use the unfortunate phrase—a cultivated Gypsy intelligentsia. Without them our large Roma community will never get anywhere. We have submitted our plan to the respective ministries of both the former and the present system without receiving a worthy response. It is as if they refused to understand what we were talking about and what we had in mind. The school network concept is a hopeless idea. So what we want is a single secondary school that turns out 80 to 100 graduates.

[Santa] Would there be enough applicants?

[Osztójkan] Naturally, yes. If, let us say, 70 out of 100 children were to successfully graduate in four to five years, we could prepare one or more universities for setting up Romanology departments to receive those students. Perhaps the minority law will make this possible.

I suspect that the real problem with the minority law is not so much political as it is the fact that it costs a lot of money. Because as soon as the law is put into effect, they will immediately have to start setting up ethnic institutions. The problem is that they cannot afford it. Or so the politicians claim. Perhaps they are right, but what we are in effect talking about is a process. But to draft a law already presuming that there will be no money to implement it anyway, this I cannot accept.

[Santa] How many people speak the Gypsy language today? For example, do you speak Romany?

[Osztójkan] This is a very difficult question. There are more than 200,000 citizens of German ethnicity living in Hungary today, and as far as I know, a large percentage of them also do not speak German. The same is the case with the gypsies. Almost 80 percent of our Gypsy population of 5,000, 6,000, or 7,000 do not speak Gypsy at all. I am one of them. There are about 100,000 gypsies who still speak the language from India, and about 30,000 who speak the Beas language spoken in Romania, which in effect is the old Romanian language. This is the result of an extremely intense process of linguistic assimilation. Under the new education law 100,000—Gypsy-speaking—gypsies will have to be offered the opportunity to study in their own language, while those who only speak Hungarian will have to be given the chance to learn Gypsy, just as one can now learn English, Spanish, or French.

[Santa] To what extent has Phralipe been able to live up to its role? Does the man on the street know about Phralipe, or has it remained a more narrowly defined intellectual organization?

[Osztójkan] Unlike its predecessor organizations, Phralipe has made it clear from the moment of its inception that it would represent only the interests and opinions of its members. In the past, every state-created

organization claimed to have represented the political and cultural interests of the entire Gypsy population, but besides the backing of the People's Front and the MSZMP, they did not have anyone's mandate. We represent only our members' interests, and as a part of our efforts we also do everything we can to change the image of gypsies.

At this point I cannot give you an exact assessment of the extent to which Phralipe, as an opposition organization, has contributed to the political system change with its ideas and the manner in which it asserts itself, but I am certain that it has contributed to changing the existing system of Gypsy policies.

[Santa] Presently, the two Gypsy deputies, Antonia Haga and Aladar Horvath, are seated in the SZDSZ [Alliance of Free Democrats] aisles of parliament.

[Osztokjan] Yes, they are there, but this does not mean that they have completely committed themselves to any particular political agenda. At least this is not how Aladar Horvath feels. During the elections we submitted our political theses to every party, but the SZDSZ was the only one to respond. We knew very well that as designed the election law offered no hope for gypsies to be able to run in individual electoral districts. Most people, who are not gypsies, would not vote for a Gypsy candidate out of prejudice. So we had to try to get our nominees included on the party lists. If the MDF [Hungarian Democratic Forum] had offered us a slot on their list we would have accepted it, for what mattered to us was to put deputies in parliament. Just as other Gypsy organizations had tried in dealing with the MSZMP and the Patriotic Election Coalition.

[Santa] If I recall correctly your election ties with the SZDSZ date back to even before the elections.

[Osztokjan] Our ties had been not with the SZDSZ, but with the former democratic opposition. Several of Phralipe's present members had been in contact with them. I myself was present at the signing of Charta '77, protesting the police beating of Demszky. Or I could also mention the SZETA [Fund for the Assistance of the Poor] school, i.e., the group of sociologists with whom we felt a special affinity because there was no other association or circle that was concerned with the vital issues and problems affecting our lives. This, however,

does not mean that Phralipe as a whole is an SZDSZ organization. Represented among our membership of 6,000 are people of widely differing views. They can differ because we are not a party. Phralipe has been working hard to develop the Gypsy movement into a genuine civil rights movement.

Opinions were divided already at the statutory meeting about whether or not Phralipe should be a more narrowly defined intellectual circle, or a mass movement. I voted for the mass movement option, but without foregoing intellectual group work. It appears that this is the philosophy our organization has opted for. In Budapest we have fewer than 100 members; the rest of our membership of 6,000 all live in the country. There are independent Phralipe organizations in 63 settlement, each with its own leadership and sphere of operation. This number has been narrowing by the week as several groups which formerly belonged elsewhere are breaking ties with their parent organizations and joining Phralipe.

[Santa] Can the Roma Parliament formed last year become a potential negotiating partner for the government?

[Osztokjan] We have often tried, in various forms, to set up a so-called summit organ. At first, the other Gypsy organizations took this as an ultimatum. But as the state party withered away, the former Gypsy organizations became "orphans," and began to seek closer ties with one another. This time the idea of a summit organ did not come from us. After four to five months of grueling preparatory negotiations last year, on 4 December we established the Hungarian Roma Parliament. It does not pass any laws, and the only reason it calls itself a parliament is because one of its goals is to provide a forum where the diversity of the Gypsy people can manifest itself in a parliamentary form.

[Santa] If somehow you managed to obtain a share in government, what would you do for the gypsies with your newly found powers?

[Osztokjan] This is not a feasible scenario. Our cause has nothing to do with who is in power. We accept the principle of majority rule, but under no circumstances will we ever agree to being considered less than equal with the majority.

**J.C. Dragan Explains Country's 'Negative Image'**  
91BA1117A Bucharest RENASTEREA BANATEANA  
in Romanian 16 Aug 91 pp 1, 15

[Article by J.C. Dragan: "Romanian Democratic Inanity"]

[Text] Democracy was introduced in Romania at the cost of blood. The first measures to be taken were to reduce the work schedule to the Western standard of five days, notwithstanding the lasting strike-like status of the communist era; to publish an excessive number of newspapers whose objective is to criticize all things Romanian, with no limits or respect for anyone; and to recklessly organize demonstrations against the majority government, which have harmed the people and the country.

The result of all this has been to create a negative image about Romanians and Romania, which in turn has obstructed foreign initiatives and investments despite all the cooperation that has been offered; and to pour waves of Romanians into the West, where they have requested refugee status or have demanded settlement abroad as their due, forgetting that this in fact represents a concession granted by these foreign countries. The most anxious ones have been minorities of color who, 40,000 strong, have nearly occupied Austria, dedicating themselves to thievery. Other Romanians have devoted themselves to swindling and blackmail, which the Austrian press has widely reported.

A Romanian senator, Mr. Manolache, declared himself a political refugee because he is a monarchist, but no

country has accepted him so far, even though he has declared everywhere that he will be killed if he returns home.

The Western countries have set very harsh conditions for granting visas, which is further proof of the credibility we presently enjoy abroad.

Romanians no longer exist in Romania; instead, we have PNT-ites [members of the National Peasant Party], PNL-ites [members of the National Liberal Party], Mayorologues, FSN-ites [members of the National Salvation Front], and so on, all fighting among themselves with a profusion of accusations and personal attacks.

What is missing is education in general, and education in civics in particular.

What is overlooked is the existence of a mainstream Romanian people on this soil, ignored until just recently, and who today are challenged by aggressive minorities.

What is forgotten is that there exists a national state, unified and constant, independent of the governments that have ruled it in the past and who rule it now, and whose interests must be protected by all its members. Whoever serves these aims, from within or from without, is worthy of all consideration and honor. How many are aware of this?

Foreigners are laughing, and our enemies rejoice in the Romanian inanity, demonstrated especially in the press. The criticism directed toward those who serve the Country's interests from the outside disgraces those who sign these infamous statements; they are the ones who should be exhibited at the "post of infamy."

### **Kosovo Albanian Leaders on Need for New Government**

*91BA1104A Belgrade BORBA in Serbo-Croatian  
28 Aug 91 p 8*

[Article by Milos Antic: "A House Without a Master, and Rugova Is Silent"]

[Text] Following the statement in the newspaper SKENDIJA by Stjepan Mesic, president of the SFRY Presidency, to the effect that "the Albanians should elect a president and a new government as soon as possible after they have proclaimed Kosovo a republic"—the Albanian-language news media have exerted terrific pressure on the leaders of political parties with an Albanian following to put all their quarrels behind them, renounce all personal and status-related ambitions, and sit down and agree on election of a new government. All those raising this issue deem it to be crucial to the realization of Albanian national interests.

At the same time, it is interesting that no one is mentioning election of the president of the "Republic of Kosovo." This question seems to be a taboo topic even for those who are speaking so loudly about a new government. However, things are not entirely clear even concerning the new government.

#### **Nothing After Kacanik**

After all, as is being widely said and written, the Albanians have their assembly and government, which in Kacanik proclaimed Kosovo a "republic," and adopted that republic's first constitution, and then they fled to Slovenia and Croatia, where they were given refuge, and that is where they are even today. That government, it is being said in all the conversations here, deserves credit for historical accomplishments, and it cannot be eliminated just like that, because it has "fulfilled the age-old aspirations of the Albanian people," even though over the last year, because it has been a refugee, it has not asked about anything, nor has it made a decision about anything, and aside from what it did in Kacanik, it has not managed to do anything else for the "Republic of Kosovo" at the international level.

The present leaders of the numerous Albanian political parties actually never gave that government a chance. In actuality, once that government had done its job at their dictate, they thrust it into the background and took upon themselves the responsibility for representation of the "Republic of Kosovo" in the world at large. But, because it turned out that "that was not the right way" and that there could be nothing without a real government, this question has now been given priority. But again with a dilemma: Whether to add to the old government new members proposed by the political parties, or elect a completely new one?

This is by no means an easy dilemma for Albanians involved in politics. They know that the present government-in-exile cannot do what they expect of it, while at

the same time it has not even fulfilled the expectations of the northwestern allies. However, that government does have legitimacy, and by all international standards only that government could represent the Albanians here. After all, any succeeding government which Albanians might elect under the present conditions, legally or in some other manner, that was not officially installed by a multiparty assembly would in many respects be a fiction.

The youth magazine ZERI I RINIS sought an answer to this dilemma from the leaders of the most influential political parties and also from the most influential Albanians. All agreed to answer the question that was put except Ibrahim Rugova and members of the leadership of the Democratic Alliance. The newspaper mentions this fact, but does not comment on it, but what one hears in public is that "everything all these others say is in vain until Rugova has his say."

#### **A Government by Consensus**

Adem Demaci, president of the Committee for Protection of Human Rights and Freedoms, believes that "a nationality like the Albanian" deserves and should have its own government, especially in view of the goals to which it aspires. However, for him the more important question is how to arrive at such a government, who will be its members, and especially who will form that government? According to him, the issue is much more serious than the interparty coordinating committee headed by Rugova, and under no conditions should five or six people meet and decide on the government.

Hivzi Hilimi, president of the Peasant Party of Albanians, favors "faster formation of a government of the Republic of Kosovo." Whether to add to the government-in-exile or elect a new one is not the most important thing for him, "because this should be a matter for agreement among the political parties," but what is important is "that this must be a transitional government" for the period until victory is won and conditions brought about for multiparty elections "in the Republic of Kosovo."

Mark Krasnici, member of the academy, leaves the entire problem for the political parties to agree on, but recommends that the future government be made up of young and brave people from the present government, but also new people.

Skendelj Malici, president of the Social Democratic Party, believes that the question of the government is urgent. According to him, the government exists, but should be invigorated. He feels that all the legal bodies of the "Republic of Kosovo," which are in exile, should assume the status of liberation entities, and the government itself should become a national liberation committee that would decide whether to continue the peaceful existence that has prevailed up to now or move to a state of war.

A new government or adding to the old one is for Redzep Cosja a question for the Assembly of the "Republic of

Kosovo," which has in fact proclaimed that republic. According to him, more important than all discussions is that the government, either the present one or an enlarged one, it makes no difference, proclaim that Kosovo has been occupied by Serbia, and on that basis define the method of struggle until ultimate liberation is achieved.

Although the answers of these, as well as other, influential Albanians does not say it anywhere directly, still, all these people have a fear of turning the government over to some new "master of the house." We will have to wait to see whether this is somehow related to Rugova's silence on this topic or is a question of waiting for other people to take a position first and then to dot the i's. Meanwhile, the pressures for a new government, that is, for a master of the house, are growing more and more, although many Albanians already realize that they have not gotten anything at all from the "house" built by the legal Kacanik constitution.

#### **Role of JNA in Economic War Against Croatia**

*91BA1092A Zagreb VJESNIK (VJESNIK U SRIJEDU supplement) in Serbo-Croatian 28 Aug 91 p 1*

[Article by Mato Dretvic Filakov: "Property Out of Croatia, Bombs Onto Croatia"—first paragraph is VJESNIK introduction]

[Text] Under the guise of strategic withdrawal, the Yugoslav Army is secretly taking equipment worth billions of dollars out of Croatia.

The economic war against Croatia has been going on throughout the entire period of its subtenancy within the framework of Yugoslavia, but in 1987 it intensified according to the prescription of the "great Eastern despotate" as a thinly veiled and "nonexistent" action amidst the simultaneous lament that things were actually the other way around.

In this insidious and long-term war, the role of the JNA [Yugoslav People's Army] is not insignificant. Everyone will recall, for example, the darling of the military and Serbian economy, "Red Flag," whose automobiles—but also other things—have caused more and more money to flow out of the pockets of the average citizen of the republican states in order to save this mastodon—and it is falling apart anyway. The continuous, excessive gnawing away at the national income in order to fill the Army's bottomless sack and "produce" a third army in Europe, set everything, and Croatia as well, at least a decade behind the neighboring world. There were countless failed "supersonics" with various propulsion systems. The fortunate thing is that piles of money ended up in the private pockets of "honest" military figures, because otherwise the "impartial" army today would have at its disposal even more mortars and shells to distribute to its bearded, three-fingered "territorial forces."

The uneven structure of the military industry's capacity has an additional impact on Croatia, while little or nothing is known about the economic effects of military orders from the Croatian "civilian" industry ("military" secret).

#### **Army Against the Will of the Presidency**

The disarming of the Croatian territorial defense force is still a recent memory; an act that, like ordinary army pillaging, certainly has negative economic effects as well throughout Croatia—hundreds of millions of dollars are involved. This is followed by the printing, in partnership with Milosevic, of "Reichsdinars," among other things.

But for the most part all of this already belongs to the past and to the history of the departing state of Yugoslavia. Of greater importance at the moment are certain other moves being made by the JNA (Yugoslav enemy army) from the arsenal of economic warfare, which it is making in combination with the military means of the neo-Chetnik aggression against Croatia.

For several months now, the JNA has been pulling out of Croatia expensive combat and noncombat property from barracks, its institutes, academies, repair plants, schools, farms, artillery ranges, game preserves, resorts, military hospitals.... The essential truth about all this is that it is acting absolutely autonomously, independent of the SFRY Presidency (and one could, if one wished, challenge the "legitimacy and legality" of Sejdo Bajramovic and one of the Kostics—they are merely puppet figures installed there anyway), the Federal Assembly, the republican assemblies, and the FEC [Federal Executive Council]—indeed, just like any military force that has carried out a coup d'etat. The moral and political dwarves from the FEC, led by Markovic, do not have the slightest idea of what at least two of their ministries are doing, Kadijevic's and Gracanin's. Nor does the Assembly or anyone else know what is going on: anyone, that is, aside from the neo-Chetnik supreme command.

The goods, both combat and noncombat—from chemical weapons prohibited under international conventions, to Mamula's villa in Opatija—which are at the JNA's disposal, are the property of the state (the lost cause of state ownership does not apply to them). The state (such as it was construed in the 1974 Constitution) manages these goods, sells them, depreciates them, acquires new ones, and guarantees and verifies that they are used in accordance with its laws; i.e., it does everything with them that any owner does with his property. If this is not the case, and all indications are that it is not, i.e., that Adzic and his ilk are disposing of them, then this is just one more of the hundreds of things that prove that a slow-burning coup has long been under way in the SFRY, a coup that will explode before long.

The Federal state, or Confederation of states, known as the SFRY, or rather its members according to their share in procurement, have a great deal of property in the territory of the Republic of Croatia that the JNA has taken over for its own use.

### Everything Is Going to Serbia

There are barracks, artillery ranges, airfields, military harbors, repair plants, institutes, schools and academies, farms, game reserves, and various other wonders located here. And the Army regards all of this as its property and disposes of it like a drunken lord. There is no more talk of the cherished and beloved working class that literally deprived itself of food to acquire all this. For the generals, the working class is dead, and they are all that remains, as its heirs. The citizens, the taxpayers, have not yet been born, so that all that remains is Sloba's neo-Chetnik Greater Serbia, and the JNA intends to hand everything over to it. Everything from Vardar to Mt. Triglav.

This began more openly with the JNA attempt several months ago to sell off other people's real estate (primarily hotels and restaurants). The uproar in the Army ranks probably developed when the Croatian authorities decided to carry out their election promises concerning denationalization. Specifically, it is a known fact that many things—and quite probably land as well—that are being used by the JNA still have living owners to this day: their heirs. The withdrawal of expensive combat equipment from Slovenia and Croatia in the direction of Serbia proceeded. Later, some of this (or other) equipment was used in the aggression against Slovenia, and now they are coming back once again.

Among other things, the aggression against Slovenia was planned in part because after it "did not succeed," the Army, moving from Slovenia towards Croatia, would be in continual motion, a withdrawal that was still "sanctioned" by the SFRY (Sejdo Bajramovic and others). The verity of this is evidenced by the endless olive drab columns crawling snake-like across the northern backbone of Croatia, along the Brotherhood and Unity Highway (what a cynical name for a road along which columns of death travel), in both directions, and in a north-south direction towards Bosnia. From these movements, it is always possible to suddenly open fire on members of the MUP [Ministry of Internal Affairs] and Croats, rather than pulling forces from remote barracks if needed. This permanent presence is moreover "legal," it does not have to be explained, stationary troops in barracks can be easily blockaded, etc.... One special story is the withdrawal of equipment from repair plants to war sites. A sizeable number of Croats were employed in these plants, but it was necessary to wage war there, and not simply manage, or "order people around," and they are now being ethnically purified through firings. Aside from the fact that this is racist, this also has its positive side. Specifically, the people in question are highly skilled at their jobs, and it will not be that simple to replace them, so that the technology will begin to fall apart. Who will train them?

### Hypocritical Generals

In the educational system of the JNA, a very significant role is played by the technical schools and the academy

in Zagreb. Zagreb got these institutions by virtue of the fact that it has always had the greatest concentration of technical intelligentsia in the Balkans, at the University of Zagreb and elsewhere. This center of education (secondary, two-year college, and university education, with a general engineering and electrical engineering focus), has at its disposal, among other things, extremely expensive equipment that is being gradually withdrawn. The same thing is happening—and appears to be largely completed—to equipment at the Hydrographic Institute and the Navy Training Center in Split. Equipment from schools in Zadar has already been moved to Rajlovac, near Sarajevo, while the training center for aviation mechanics has been moved from there to Belgrade. Airplanes from Zemunik are being withdrawn to the newly built air force base in Lika, on the Krbavsko Polje directly below Udbina. For now, the fate of the Maritime Institute in Novi Zagreb is uncertain. Its equipment is worth millions of dollars, but it is somewhat unique, with its enormous basin for fundamental and developmental research, so that it is impossible to believe that the same fate does not await it.

In recent times, the Supreme State Council has reacted to this sort of pillaging behavior, suggesting to the government that it be prevented. It is absolutely clear that the Croatian "working class," the darling of the lying and hypocritical generals who have skinned it alive for all these years and are now even killing it, has an investment in all this property located in Croatia that is even greater than its present-day value.

If all of this technology, weaponry, chemicals, "partially shaved" and unshaved officers are dumped into one small Balkan state, such as Greater Serbia, then this will by necessity result in its self-ignition and in a Serbian imperialist war. Aside from these independent economic-war activities against Croatia, the JNA is equally given to cooperating in the same activities that are being devised and carried out by neo-Chetnik Serbia and the "territorial forces," the various neo-Chetnik formations on Croatian soil. Still, all of this is part of one and the same war—neo-Chetnik aggression.

From the beginning of the harvest, columns of trucks loaded with wheat, cattle, hogs, and many other things have crept from Croatia in the direction of Vojvodina, all accompanied by JNA armored vehicles full of three-fingered reservists. Some of this belongs to Serbs—they produced and cultivated it, and surely they can transport it wherever they want, even all the way to Timbuktu—but under two conditions that are basic to Western civilization.

### Tragicomic Announcement by the FEC

The first is that they discharge agreed-to obligations to Slavone combines (credits, fodder, fertilizer, seed, etc.), and the second is that Croats and Hungarians similarly be allowed to transport their property wherever they want, and thus even through Serbian villages. Neither of these conditions has been met, so that it is quite clear

that the JNA is participating in pillaging just as the ravenous neo-Chetnik formations are, in which regard, as indeed in all regards, they do not differ from the old Chetniks. The other part of the property that is being taken to Serbia (used up, destroyed, and so on) has no connection whatsoever with the "Serbian unarmed working people"; rather, this is ordinary pillaging: wine from underground cellars, goods from retail businesses and warehouses, wheat from Belje, cattle from farms.... In this as well, the Army is participating without restraint, while at the same time the FEC issues a tragicomic announcement that "the pillaging must stop," through which it covers both the Army and itself.

The epitome of cynicism is the fact that Serbia intends to export this plundered grain. This should be prevented by informing the world market through various channels. It must be said that this is plundered, dirty merchandise, soaked in the blood of Croatian civilian victims. Bon appetit to anyone who wants bread of that sort.

Examples of pillaging along the edges of and inside the Croatian territories that some are humorously calling the "SAO [Serbian Autonomous Region of] Krajina," are also numerous, and the occupying Army will take part in that as well.

It is certainly difficult to witness this, even if it is only through the medium of the newspaper. But so what, many will survive even this, while the Army and the other neo-Chetnik formations that have passed across Croatia will not. Through its economic war, the JNA has severed its roots with the citizens of Croatia (completely), Slovenia (completely), Bosnia-Herzegovina (mostly), Montenegro (mostly), Macedonia (mostly), Kosovo (completely), and Vojvodina (mostly), but to a large extent with the citizens of Serbia as well. This is confirmed by the fact that it is keeping its soldiers like hostages in barracks encircled by mine fields, that it is not allowing them to go home after they have completed their term of service, that no one is turning up any longer for service in the Army.... Regardless of what it does now and regardless of what the citizens of Yugoslavia—which existed until May 1980—do to it, its fate is clear, both with this and without it: It will dry up on its own, and this long before the staff of the Supreme Command and its neo-Chetnik supreme command can even conceive of it. Just as it emerged during the NOB [People's Liberation Struggle] as a people's army, so it will cease to exist, that is, through the will of the people.

All means are available to the will of the people, and for them Adzic's "all available means" are small potatoes, even if they are nuclear.

### **Croatian Minister on Balancing Trade With Serbia**

*91BA1081A Zagreb VJESNIK in Serbo-Croatian  
18 Aug 91 p 5*

[Article by Petar Kriste, Croatian minister of trade: "Kriste: Preventing the Outflow of Strategic Goods"—first paragraph is VJESNIK introduction]

[Text] Because of the armed aggression against Croatia and the relentless trade war accompanied by pillaging and the nonpayment of debts, the delivery of goods to Serbia is made conditional upon deliveries of other goods, says the minister of trade of the Republic of Croatia, Petar Kriste.

At the latest session of the Croatian Assembly, a resolution was adopted on freezing relations between the Republic of Croatia and Serbia. There is no doubt that this relates to everything, and thus to economic relations as well. In drawing up this resolution, we had to bear in mind how to achieve the desired goal while at the same time avoiding harm to our enterprises, or rather, seeing to it that they not be put in an even more difficult situation than before. For this reason we did not undertake a definitive break in all relations. Our starting point was that we must prevent strategic materials from leaving Croatia for Serbia, and all such goods were subjected to special regulations. The parties affected by this have already been notified, and the public, too, will be given more information before long. However, certain rules have been established for other goods (and services), although each enterprise that is involved in economic relations enjoys a certain amount of freedom to individually reach decisions on each concrete case, whereby, of course, it is obligated not only to take into account its own business interests, but also to defend the interest of the Republic of Croatia.

What does this mean, especially under these conditions? It means that there must be a balance in the exchange of goods between these two republics, or rather, that we will not supply more goods than we will receive in our economic region from that economic region. We assign so much importance to this because Croatia does not have the same access to money, nor the opportunity to issue money, as does Serbia, which is in a position to print money like regular paper and to convert it into goods. We have suggested to all enterprises that as a rule they make sure that deliveries of their goods be covered by deliveries of other goods needed by our republic. Naturally, from the viewpoint of the functioning of the market it is possible to object here that through this sort of recommendation we are slowly returning to the bartering system, but the conditions today are unfortunately such that one must look after one's own interest in this way, meaning that one must make sure that one's goods are not converted into worthless paper. Naturally, we are not ruling out the possibility of payment in dinars, but in combinations of several enterprises, goods must in turn be converted into goods, so to speak.

In this sense, we must warn about another problem. The exchange of goods between Croatia and Serbia has been balanced thus far, but payments have not been. Our enterprises have paid much more than Serbian ones have, so that what has happened is that some of our major enterprises are supplying goods until major outstanding debts have accumulated, until enormous outstanding debt balances are on the books, which continue to grow. On the whole, Croatia is owed more than it

owes: around 6 billion dinars. This is because our enterprises, despite all the warnings about keeping track of outstanding debts and payments, have done business with partners in Serbia. If this were to continue, this would not be an example of good business at every enterprise, nor would it be in keeping with the principles of good management. The question arises: In whose interest is this being done?

There are two aspects to the problem of relations between Serbia and Croatia. For nine months now, we have been subjected to a relentless trade war, which Serbia has both launched and sustained by introducing measures from the arsenal of trade war that have never before been used. It is a fact that Serbia is no longer involved simply in an economic war, but also in the explicit, armed aggression against Croatia, which was one of the reasons that the Assembly declared a freeze on relations with it. Therefore, it is our job to defend Croatia and its interests. Some of our measures are a continuation of measures that we had adopted in the past, while some are linked to the armed, military steps being taken by the other side. Looking solely at the economic war aspect, it can be said that it has been escalating the entire time. From the very onset, more than nine months ago, there has not been a single moment when we could say that any of these measures have been withdrawn. In every case, additions have simply been made to the arsenal, all the way up to the use of heavy—the heaviest—weaponry: the divestment of the property of Croatian enterprises. In contrast to other measures, where Serbia as a state was expressly involved through the adoption of decisions by its state institutions, here they decided on a different route, where the role of the state is partially hidden through the use of methods of the ostensibly autonomous removal of parts of enterprises from headquarters in Croatia into the territory of Serbia, an action that is recognized by neither the Constitution nor the Law on Associated Labor. Despite this, the economic courts have reacted quickly and registered these changes within 24 hours. There is no doubt that the "autonomous" decisions have been primarily reached in the offices of the governmental institutions on opstina and other levels, but we know that some of them have also originated in the offices of the highest institutions of the republic.

There are various opinions about this in Croatia as well, from those to whom even our current measures seem excessive, to those for whom they are too lenient. However, we must consider the entire policy of the Republic of Croatia, as well as the fact that under no circumstances will we do harm to ourselves most of all through unreasonable measures.

#### **Regulation on Croatian Economic Chamber Discussed**

*91BA1081B Zagreb VJESNIK in Serbo-Croatian  
26 Aug 91 p 8*

[Article by Drazen Jambrovic: "Regulation on Croatian Economic Chamber: Businesslike Focus in the Foreground"—first paragraph is VJESNIK introduction]

[Text] Based on the model of economic chambers in European countries, there should be greater expression of independence with regard to the state and its institutions, a businesslike focus, and professionalism in the overall development of the Croatian economy.

The government of the Republic of Croatia has used its legal authority to regulate individual questions of economic and public activity through its regulations, and thus has recently adopted the Regulation on the Croatian Economic Chamber. It did so without waiting for the new session of the Assembly to convene in order that the Chamber be able to undertake all necessary measures to protect the Croatian economy, which is threatened by open aggression, as well as to allow the urgent reorganization of the entire chamber system.

#### **No State Guardianship**

Now, instead of the previous self-management organization, the Croatian Economic Chamber is an independent professional and business organization whose task is to promote, represent, and coordinate the common interests of its members and of the national economy vis-a-vis state and other institutions in this country and abroad, based on the model of chambers in European countries. In the future, the Chamber should concern itself more with overall economic development and the development of entrepreneurship, promote research and innovation, develop business information services, coordinate economic and societal interests in the area of ecology, provide opinions on the credit ratings of its members, help to found new companies and transform existing ones, undertake and supervise changes in collective agreements, maintain a register of companies and businesses, and resolve topical questions that are important to the conduct of economic activities.

Through its activities, the Chamber will develop business ties abroad, and as envisaged, it will be able to establish representative bodies abroad, which is in keeping with the firm determination to establish greater cooperation with the developed countries of Europe and the world.

#### **Work Instead of Conferences**

Based on the model of chambers in some Western countries, the president of the Chamber will have greater administrative authority than has been the case in the past, while general meetings will be held much less frequently, two or three times a year, in order to consider the most important economic questions and the work schedule of the executive committee and of the Chamber as a whole. The regulation envisages that the Croatian Economic Chamber may found regional chambers that are a constituent part of it, and that cover the territory of several geographically linked opstinas. It is expected that the regional chambers would comprise the present-day territories of basic economic chambers. The current

basic chambers will discontinue their work over the course of three months and continue to function as regional chambers.

One of the questions that was debated extensively was that of voluntary or mandatory membership. Mandatory membership in the Croatian Economic Chamber is retained in the regulation for all legal and physical persons who are involved in economic activity. Legal persons become members through registration in the judicial register, and physical persons through their associations and federations. In the commentary on the regulation, it is emphasized that the principle of mandatory membership in economic chambers is prevalent in developed countries with market economies as well, and that it enjoys a rather long tradition. Thus, of the 12 member-states in the European Community, membership in economic chambers is mandatory in eight of them. In Ireland, Belgium, Denmark, and Great Britain, it is not mandatory, but even in these countries serious consideration is being given to making it mandatory. Chamber members will promote their interests in the Croatian Economic Chamber indirectly in sections based on their line of business, and directly in all other organizational aspects. It should be noted that the Chamber will continue to be financed through member contributions, but the plan is to reduce the contribution and for most of the revenues to be used as compensation for services.

### Public Auditing Service Delivers Economic Report

*91BA1079A Ljubljana DELO in Slovene 28 Aug 91 p 3*

[Article by Ilja Popit: "Public Expenditure Cutting Development; More and More Frozen Accounts and Bankruptcies"]

[Text] Ljubljana, 27 Aug—As shown by the business accounts for the first half of this year, the Slovene economy earned 350 billion dinars in total income. The highest share in this was still that of the social sector, which earned about 83.5 percent of the Slovene economy's income, while mixed enterprises earned 9.8 percent, private enterprises 5.7 percent, and cooperatives 1 percent.

Analysts at the Ljubljana SDK [Public Auditing Service] branch note as pleasing the fact that at the end of this June there were already 13,689 workers in new private enterprises.

The number of people employed by private businessmen is less inspiring, however, if we compare it to the total number of people employed in the Slovene economy, in which that private share is only 2.3 percent. This number is even less successful in comparison with the number of people unemployed (75,000) and with the number of abandoned jobs in the socialized sector, which have been abandoned during the period of privatization. A comparison of the number of people employed by this type of private businessmen, and the number of private enterprises, indicates that these are still extremely small private enterprises, and consequently family ones. In the

middle of last year, in fact, private enterprises in Slovenia employed an average of 1.3 workers. At the end of last year, this percentage had increased to 2.6 employees, or a total of 13,847 employed by this type of private businessmen (i.e., without those working for traditional tradesmen). After December, "last year's" private businessmen were dismissing workers, but the still abruptly increasing new private enterprises have obviously not employed them, since after the first half of this year the number of private workers is lower than it was last December, and this June private enterprises only had an average of 1.8 workers.

In the first half of this year, the Slovene economy had 350 billion dinars in income, which is 71.4 percent more than it had during the first half of last year. During the same period, retail prices increased by 60.1 percent, and manufacturers' industrial prices by 49.9 percent. While warning about the elasticity of the accounts, the service did not speak explicitly of a real increase in income. It noted that the situation in which the Slovene economy operated during the first half of this year did not arouse hopes for a better business outcome than last year—quite the contrary, since most of what plays an important role in forming financial results continued its "downward path." Thus, production declined, clearing trade dried up, the number of frozen current accounts and bankruptcies increased, and trade with other republics decreased, along with the trade surplus, while legal disorder and general uncertainty grew.

The share of income in foreign markets decreased from 15.5 percent of income in the middle of last year to 13.4 percent this year. This year, among the economy's business earnings, there was an increase in the share of income from financing and extraordinary income. At the top is the income—almost half—from the exchange rate differences resulting from two devaluations and from the sale of registered foreign exchange rights, etc. Interest yielded 30.2 percent of the income from financing. Nevertheless, enterprises reduced earnings from financing through revaluation, either under compulsion or in accordance with their own judgment, by 9.7 billion dinars.

The purpose of conducting business, of course, is the day-to-day life of society and the gathering of money for renewal and development. This time as well, there is not much to boast about in what is left for development, i.e., through accumulation. Together with the money for housing and joint investment expenditure, the Slovene economy's accumulation for the first half of this year was 3.2 billion dinars or 55.2 percent more than in the first half of last year. Igor Omerza, the general director of the Ljubljana SDK center, said in regard to this that if we consider the average value of the German mark [DM] during the first half of the year to be a little less than 20 dinars, this year's losses for the first half of the year (11 billion dinars) were about DM600 million. The losses for the first half of this year are thus 3.5 times higher than the accumulation for the first half of the year. Although the losses for the first half of this year are proportionately only a little lower than the total losses last year, they should not arouse excessive optimism, since this time the

economy has reduced the number of people employed by 46,000 workers, which obviously has not caused considerably higher efficiency and productivity in the Slovene economy.

If we only use the official frozen exchange rate of the NBJ [National Bank of Yugoslavia] as it was at the end of last June and at the end of this June, we note that accumulation for the first half of last year was DM295 million, and this year was DM247 million, i.e., 16.3 percent less in real terms. In addition to production costs and the degree of success in sales, the extent of accumulation also depends primarily upon the level of public consumption and the level of wages in the economy. Official analysts have prepared a calculation of this year's wages that is comparable to last year's. In doing so, they noted that the personal incomes reported in the Slovene economy during the first half of this year were 66.7 percent higher than personal incomes during the same period last year, and that they were growing 4.7 percent more slowly than the economy's earnings.

The conclusion that should follow from this is that this time accumulation has been further cut by the excessive increase in (Slovene) public consumption this year. Instead of reaching such a conclusion, the service only calculates that during the first half of this year the economy had 13.2 billion dinars in obligations for public consumption, and states that because of extensive changes in the financing of public consumption, it is not possible to make accurate comparisons between the data on legal persons' obligations for public consumption in this year's financial accounts and the data in last year's accounts.

### Slovene Leaders Tackle Monetary Problems

#### Coupons Instead of Dinars

91P20493A Ljubljana DELO in Slovene 11 Sep 91 p 1

[Article by A.L. and J.T.: "Paris LE MONDE Informs, Minister Sesok Denies"]

[Text] Paris, 10 Sep—LE MONDE claims today that Slovenia will soon issue so-called emergency bonds that should replace the dinar until next spring. Then Slovenia will start printing its own currency. The first installment of the bonds would be valued at 14 billion dinars. The exchange rate in relation to the official Yugoslav currency would be 1 to 1.

Slovene Finance Minister Dusan Sesok has resolutely rejected this report. He has even stated that it is total misinformation. Minister Sesok said: "Slovenia has pledged that it will refrain from such measures during the moratorium. At the most, we could offer the public bonds for sale, and the proceeds could be invested into the economy. Perhaps coupons could be used as a substitute for money, but even if the authors of the article in LE MONDE did have coupons in mind, I must say that we are not thinking about introducing them." Minister Sesok has also affirmed that Slovenia will make it to the end of the moratorium with the cash it has at its disposal although, in

accordance with the National bank of Yugoslavia decision, it does not have access to newly printed currency.

#### Slovene Currency in Spring

91P20493B Ljubljana DELO in Slovene 13 Sep 91 p 6

[Article by M.D.: "New Currency in Spring"]

[Text] Slovene Finance Minister Dusan Sesok met economists from Bela Krajina and stated: "The dinar will definitely remain as a means of exchange in Slovenia until 7 October. From then on, everything depends on the circumstances. If dinars continue to be printed in Belgrade without control, we will have to protect ourselves. The coupons are ready. In the spring, the Slovenes will have their own new currency. It is difficult to say which month. It is a complicated process. It takes at least six months from the time of designing and drawing to the finished product. From a technical standpoint the job is not an easy one because it is necessary to impress watermarks and other protective features on appropriate paper. Subsequently, the paper must be stored, which takes a month and a half, and then three additional months are needed to print quality money.

#### Appeal to Slovene Government

91P20493C Ljubljana DELO in Slovene 10 Sep 91 p 7

[Letter by Dr. Jose Pucnik, president of the Presidency of Social Democratic Party of Slovenia: "Appeal to Slovene Government"]

[Text] Yesterday the Board of Governors of the National Bank of Yugoslavia [NBY] decided that the monetary blockade against Slovenia would continue. Thus it has not only proven that it ignores the decisions and recommendations of the Federal bodies, but also demonstrates arrogance and cynicism toward the Bank of Slovenia, which up until now has correctly fulfilled all obligations in accordance with Yugoslav monetary policy for this year. It is clear even to a blind man that the NBY has included itself actively in the economic war against Slovenia in order to isolate it monetarily and crush it financially. It is clear that this war will not stop.

And if we take into account also the news that in this inflation, which has already become hyperinflation, the Federal Army is joining the ranks of the wild money printers, it becomes apparent that it is high time for a decisive defense of the vital economic interests of Slovenia.

The Social Democratic Party of Slovenia does not accept the interpretation of the Brioni declaration that one part of the former Yugoslavia is allowed to plunder and embezzle money at will while another part bears it quietly in the name of some higher abstract interests. We simply do not believe that the EC members who signed the Brioni declaration believe this.

Therefore, we appeal to the Slovene government to inform all the foreign signatories of the Brioni declaration of the situation that has emerged and to immediately adopt the necessary monetary measures.

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