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Customs Tax Restructuring Approved by Government

92CH0059A Prague HOSPODARSKE NOVINY
in Czech 4 Oct 91 pp 1-2

[Article by "jop": "Shifts in Custom Tax Table"]

[Text] Approval of a draft of restructured Czechoslovak customs tax table was one of the most important results of yesterday's Federal Government meeting. Customs duties will be raised for 14.7 percent of items, reduced for 7.7 percent and unchanged for 77.6 percent.

As stated at yesterday's press conference by Jiri Brabec, CSFR first deputy minister of foreign trade, for historical reasons (Czechoslovakia's joining the General Agreement on Tariffs and Trade, GATT, already prior to 1948) our customs duties are now generally on the low side. But at a time of restructuring the Czechoslovak industry and agriculture there is a need to provide an amount of protection for our economy. But of course if customs duties were to be raised across the board, explained Brabec, it would lead first of all to violating our commitment to GATT and secondly to an inflationary impetus. Therefore it was decided to not only raise but also reduce customs duties. The average customs duty (weighted average tariff times imports realized) was roughly 5 percent last year; after the adjustment it will amount to about 5.8 percent. Of the total number of some 5,190 items on the table about 1,500 will be subject to change, of which 1,000 upward and the rest downward.

The most significant customs duty reductions will affect imports of raw materials, spare parts (for instance integrated circuits); duties are raised especially in agriculture where the rates for "sensitive" items will go up by around 20 percent, exceptionally even much higher (sugar by 60 percent). In the textile industry the shifts are both up and down, in the electronics industry too some rates are raised but this does not affect consumer electronics and "white" goods where on the contrary the rate is substantially reduced due to expanded competition. The negotiations on individual items were complex, different interests came into conflict, according to Brabec.

All proposals for changes in the customs tax table are of course subject to GATT approval, and in Geneva on 8-9 October we will apply for an exemption - allowing us to put the changes into effect as early as on 1 January 1992. Afterward it will be necessary to clear the changes with all GATT members. Brabec added that in our view for instance protection of the agriculture should be not only by tariff but also by quota [mnozstevni], possibly also by equalization levies as a number of our experts have proposed.

Commenting on a report on the results of checking compliance with the law on prices in the process of liberalization was Kveta Korinkova, federal minister of control. In the first half of this year profits of centrally managed organizations increased by 165.6 percent over

the same period of last year. Some monopoly organizations achieved even higher profit growth. The checks found that among selected organizations the share of increased prices in the reported profit growth amounted to roughly two-thirds. For this reason consultations were held with the antimonopoly office as well as the federal ministry of finance. Expected in the near future is preparation of an implementing regulation to the law on economic competition and a joint guidance for price controls issued by all three ministries of finance.

The government expressed approval of negotiating a treaty between the CSFR and the USSR on good neighborhood and friendly cooperation. It also agreed to the treaty between the CSFR and the FRG, including the formula on the continuity of the Czechoslovak state since 1918. Another treaty—between the CSFR and Poland—was also agreed to; it will be signed at a summit meeting of leaders in Krakow.

Mitigation of Rent Increase Consequences Proposed

92CH0056B Prague HOSPODARSKE NOVINY
in Czech 26 Sep 91 p 1

[Article by Milena Horcicova: "How To Mitigate Consequences of Increased Rents"]

[Text] Beginning last year significant measures have been taken to eliminate deformations in pricing consumer items, from a gradual phasing out of the negative sales tax on foodstuffs and heating to adjustments of electricity prices. Currently the topical and one can say "hot" issue coming to the fore is the adjustment of rental charges in government housing.

When significant one-shot price measures are carried out, there are in principle two ways of mitigating their social consequences:

- By partial or complete offset tied directly to the respective price policy measures.
- By social policies of a general nature.

Let us give some thought to the advantages or disadvantages in the specific case of rent increases which differs from the earlier price adjustments primarily because rents in government apartments affect only about one-third of the existing housing stock whereas adjustments in the price of foodstuffs, heating and electricity affect the entire population.

The advantage of the first method (offsetting the increased rent to families directly affected by this price adjustment) is in making possible a rather precise quantification of the amount involved and it is a compensation relatively understandable, socially "visible" (transparent) and oriented directly toward persons disadvantaged by the measure. Mitigation of the effect on the population is direct, can be carried out immediately and thus avoids a time lag. The offset also allows for a rather variable application, it can be complete or

partial and can be applied in a differentiated fashion according to social groups or from a territorial point of view. Moreover it seems "just" particularly to people who for various reasons are not able to change apartments.

On the other hand this method contains in itself a number of disadvantages. Above all it would perpetuate the present inequality of the population in regard to paying for the costs of housing in various types of housing. To a great extent it would block the creation of a genuine apartment market and hamper the desirable mobility of the population. This method of compensation in fact essentially contradicts the logic of a market economy. It would continue to a large degree the practices of centrally directed measures from the former system. Preserving the advantages of living in government housing requires of necessity a mechanism of administrative allocation with the danger of favoritism and corruption.

Another disadvantage of the first method of offset is its unreadability in terms of the entire complex of price movements. There arises a danger of duplicate compensation (it would be necessary to exclude rent from the cost of living index as a guide to wage growth and upgrading of pension benefits). The selective nature of the offset would cause dissatisfaction among citizens living in their own and cooperative housing. Last but not least, it would lead to undesirable trends in relation to apartment ownership (lack of interest in acquiring ownership of apartments, slowing down privatization of apartment buildings).

The other method—social policies of a general nature regardless of the type of apartment occupied—conforms to market principles, permits a direct tie between the income of the population and the quality of housing and government subsidy grants only in cases of need (income falling below minimum living standard). In its comprehensive effect and tie-in with the existing social system, the categories of minimum living standard and upgrading of incomes it would exclude multiple counting of the impact of price movements. Its more accurate assessment of the real social situation of the needy segments of the population would allow also for individual solutions. A certain disadvantage of this system for the population would be a time lag of the appropriate steps of a social nature behind the price measures.

From a purely economic point of view it would be desirable to redress rent price deformations in the shortest possible time and further to create room for shaping the cost of housing on the basis of supply and demand. It has to be recognized that in comparison with the advanced economies the rent portion in the structure of our population's expenditures is undervalued. It is possible to satisfy the basic need for housing for all strata of the population by combining an appropriate social policy on the population's income side (assuring a minimum standard of living) with the design for an effective system of the so-called social housing.

Rental Housing Situation Examined

92CH0056A Prague HOSPODARSKE NOVINY
in Czech 26 Sep 91 p 6

[Article by Vojtech Cepl, Czech Republic Ministry for Economic Policy and Development: "Outlines of Future Rents"]

[Text] Economic transformation requires a certain optimal tempo. An excessively rapid "shock therapy" could cause high social and political tensions potentially endangering its further course. On the other hand irresolution, excused chiefly as respecting the social aspects, can lead to waste of valuable resources, disrupting the logic of the system, to unacceptable slowdown. This kind of irrationality was exemplified by tarrying on the issue of raising the price of heating. The five billion in subsidies paid out in the first half of 1991 literally "went up the chimney" and society now faces the very same problems it did a year ago. The approaching heating season finds us in housing that is not assured of heat or metered—only with higher payments for heat.

Arising as a similar problem is another item of the family budget—the amount of rent. As we know we now have three types of rental charges for the use of housing space. One is the artificial, totally unreasonable level of rents in former government housing which is subject to Decree No. 60/1964 and does not even cover the cost of routine operation of housing enterprises administering these properties (subsidies amount to over 6 billion korunas [Kcs] annually). This level of rents is preserved also in private apartment buildings returned to owners according to the law on redressing certain property wrongs.

But these "re-born" owners do not get compensated for their losses from the government budget, meaning that while the property was returned to them in legal terms, in economic terms it continues to be gradually expropriated. Another type are the economized rents in housing managed by associations for apartment construction [SBD]. (This does not include the so-called People's Housing Cooperatives from the First Republic which operate in the same way as the government housing.) Cooperative members are fully responsible for routine costs connected with occupancy, as also for all repairs and restorations and part of the investment expenses. The price of the apartment does not include the value of the government contribution and the cost of land—the latter was given to the SBD for free.

An economic rent includes all costs, both routine and investment. It approximates the level of the so-called "fictitious rent," a compensation the owner of a family home would pay to himself: It includes also interest on the funds the owner invested in building the home and acquiring the land.

But the creation of a housing market requires that rents are set as market rents, that is, including along with all

the items which enter into the calculation of an economic rent also a location surcharge [polohova renta], reflecting the consumer's preference for a certain locality.

The transition from an artificial to a market rent will not be easy but no time must be lost in gradually introducing the latter. It needs to be recognized that the so-called government housing stock (including the former government and now local authority housing, enterprise housing, apartments in people's housing cooperatives and apartments in privately owned buildings) which presently constitutes about one-third of all occupied apartments will be reprivatized, in an extent ranging from one-third to one-half. The reprivatization has brought a substantial change. Unlike in the past when renters in government housing enjoyed an advantage at the expense of all taxpayers, they are now being subsidized indirectly by actual owners. Thus it is not surprising to see sharp conflicts developing.

The issue therefore is not merely eliminating subsidies from general public funds as in the case of food and heating, but rather a whole new housing policy. Unlike the earlier price adjustments the rent reform will not affect all, at most one-third of the apartments. In the second half of last year intensive work was done on preparing the principles of a housing policy on the federal level. However, mainly for reasons of clarifying competences, the principles were not put up for discussion and in January of this year the coordinating work group disbanded.

Modernizing Rent Calculation

The rent reform proposed by the Czech Republic Ministry for Economic Policy and Development assumes a substantial rewriting of Decree No. 60/1964. It is my opinion that this necessary step offers a prime opportunity for an overall simplification and modernization of rent calculation. Hence rents should in the first place be set apart from compensation for services connected with occupancy. In other words, rent should in principle consist only of the so-called "pure rent" expressed on a differentiated rate scale per square meter of the total floor space, taking into account the apartment's quality and location.

The other costs involving services connected with occupancy (that is especially the supply of heat and hot water, cleaning of common areas in the building, use of the elevator and laundry room, water and sewage fees, collection of ash and garbage, cesspool pumping) would be paid for on the basis of contract prices.

Another important change is the abolition of rebates according to the number of children and abolition of surcharges for excess space. The rent would be set per square meter of floor (living) space taking into account the category of the apartment. This would mean eliminating the present complicated distinctions between the living and appurtenant floor spaces.

New Rating of Apartment Categories

Considering that heating costs are not included in the rent, rating an apartment by category would not take into account its heating system but only its basic conveniences. Thus we would come up with only three quality categories: with complete conveniences, with partial conveniences and without separate conveniences.

The base rates set per square meter of usable space per month (for instance Kcs5-4-3 per square meter according to the category) would be adjusted by up to 40 percent up or down depending on the location and situation of the building and apartment. In this way we would arrive at a price differentiation for instance between apartments in noisy, dusty or otherwise unhealthy locations and apartments in the most attractive places with easy access to public transport. In a similar way we would obtain rent differentiation for instance between Prague residential suburbs and other less desirable locations (e.g. an isolated house in the border area). In addition, the base rates would be adjusted by small surcharges and reductions (5 percent) for an unusually high or low quality of the apartment (for instance a terrace or balcony rates a plus, space in the basement a minus).

A preliminary quantification suggests that calculating rents according to the new rules would raise the national average by 180 percent at most over the present level. But this is a global, across-the-board figure. In some apartments the new method of calculation will mean maintaining the present rent, in some cases even reducing it. From the national economic perspective this kind of rent recalculation reform would gain around Kcs5 billion annually. This concept of rent reform cannot encompass the problem of financing rundown housing stock which involves a multiple of this sum.

Transition To Market Rent by Stages

Rents calculated in accordance with these principles would not yet constitute market rents. They would be merely an approximate point of departure toward future rents without price ceilings. Shaping the desirable market level of rents will have to be carried out by stages.

1. The first necessary step will be amending the Decree No. 60/1964 so as to introduce a uniform maximum of rental charge. The amount will be set at a socially acceptable level but so as to contribute significantly toward reducing the losses incurred by the owners of community and enterprise housing stock and easing the economic situation of private owners of apartment buildings. The socially weaker segments of the population will be compensated for the increased costs individually according to social need and not according to the apartment type occupied by them. This means a quite consistent shift away from subsidies "per brick" toward subsidies "per head." Citizens with incomes below the social minimum should receive a rent subsidy in the form of a fixed sum (for instance all persons with an income below Kcs1,200 per head would receive up to Kcs150 as a subsidy toward rent).

2. In subsequent stages the maximum rent level would be routinely raised by 25 percent per year. In many localities it will emerge soon that the contracted rents fall below the officially fixed ceiling. These areas will gradually expand. At the same time it will be necessary to initiate a variety of programs to support apartment construction and maintenance (government credits, guarantees for private loans, construction allowances and savings and so on). All these government interventions should conform to the operation of the market.

3. As soon as the stage is reached when the fixed maximum rent ceilings remain operative only in a few of the largest cities, they should be abolished there as well. Even after that efforts will continue to develop programs to aid housing construction and provide social assistance to lowest-income segments of the population because every modern state must assure a minimum standard of housing for all its citizens.

Czech Parliament Establishes New Universities

92CH0028A Munich *SUEDDEUTSCHE ZEITUNG*
in German 26 Sep 91 p 44

[Article by Jaroslav Sonka: "The Dilemma of Renewal: The Czech National Council Establishes Universities in Usti, Plzen, Budejovice, Opava, and Ostrave"]

[Text] On 9 July, the Czech National Council, the parliament of the Czech area of Czechoslovakia, established five new universities. The decision will become effective on 28 September, the feast day of St. Wenceslas. This reverence to the patron saint of the country shows the extent to which the climate has changed within the two years that have passed since the November revolution of 1989. However, the establishment of these universities is not yet secured, as is shown by the examples of Opava and Budejovice.

First, there was the parliamentary debate. Representatives of the cities and regions concerned—Usti nad Labem, Plzen, Budejovice, Opava, and Ostrave—were finally able to acquire status and produce a success back home. However, there was little indication of a profound analysis regarding the viability of the new universities. It was much more a question of identity for the regions and resistance to the so-called Prague centralism which played a role. The emancipation movement in the regions had started, in part, already during the 19th century. A short analysis of the geographic location of the new universities shows that these sentiments of regional identity also survived large population movements, such as the expulsion of the Sudeten-Germans and the settling of new populations of various origins.

Conformists in the Majority

Is the importance of these foundations so great that the country can make large investments in this field with a clear conscience, in spite of the scarcity of means? The current problems in rejuvenating old universities is evident. Those, whose continued existence is on the line

used pseudo-democratic means to put the brakes on new development. Unlike the situation in the new laender in Germany, there is also no imported body with the authority to make decisions. Emigrants only rarely return to the native scientific scene and, even if they just make an appearance, they are often viewed with suspicion. There are also no financial patrons who might tie conditions to their allocation of means.

Thus, the dilemma of renewal looks as follows, seen from a human level: Young scientists, promising in their fields, who have already made their mark for some time and have contacts in the West, [but] who usually have not been able to advance without making political compromises. In the eyes of the public, this is a liability. Others have not succumbed to the pressure and bailed out; only a few have been able to muddle through without political compromises. However, those who are ready to bend from all three groups will have the best chance for a career, because they will have the majority in an election. If, in addition, only the criteria for the evaluation of a scientist are used (e.g., number of publications or citations) the former nonconformists will lose again.

The boss who refused the nonconformists approval to publish, but granted it to others, will disappear. And rightfully so. However, he will thus often assume the function of scapegoat, the excuse for people of lesser qualifications who were happy to go along. The formerly disadvantaged fighters thus see no way out of their conflicting position. Material and personal reverses are costing them precious years of their lives and now, evaluated after their former scientific rejection, they cannot see a way to satisfactory compensation. The universities and other research organizations first have to find the path between clear injustice and exaggerated moral purism and overcome the collaborator majority, and restructure and integrate on the basis of a new set of criteria. These procedures will determine the climate in which the future generation of scientists will be educated.

At this point arguments for new universities emerge. [Universities] that want to start without this burden. Things look different on site from what the view from the capital would suggest. It is not the patriotic representatives, but rather experienced scientists, some even a kind of fugitives from the Communist establishment, who are the driving force behind the new creations.

The traveller from Prague sees Opava as clean, well provided with goods, no peddlers in sight, young people on mountain bikes in the pedestrian crossings, traditional gardens in the suburbs abloom. It is a visible contrast to the capital. Opava, which was ceded to Germany after Munich in 1938, with its 40 percent Czech population from the time before the war (during the war they were a kind of "Sudeten-German Czechs") has experienced a revival of the type unknown in the interior of the country. The city had been considerably damaged by bombing and the attention of inhabitants to

existing structure and awareness of the need for reconstruction can still be seen; ruins, which formerly were part of the cityscape can now scarcely be found anymore.

Vasil Magliona, the secretary of the present branch of Brno University in Opava, which is part of the core of the new establishment, is surprised that anyone would come from the outside at all. He inherited his Ruthenian first name and his Italian family name from family history dating to the imperial and royal Danube Monarchy. He represents the new Babylon-type population mix. Nevertheless, he speaks the local dialect and was employed by the previous institution, constituted by Brno before the velvet revolution of 1989. Does it make sense to ask him about this past? There is a lot of this retrospective discussion currently in the country. But now, visions for the future are what is needed. The designation "regional university," which is often used in Prague as a stamp of provinciality, is disdainfully rejected by Professor Krupka, a mathematician originally from Brno, actually a Slovak. Regional, yes, but especially these new institutions, and in particular the one in Opava (where, besides the branch of the Brno University, only the Silesian Museum can be considered an academic base) will have the best opportunity to select their faculty according to scientific excellence. Neither a giant bureaucracy of long-time personnel, nor science careerists from the former regime burden the structuring of the new university.

Krupka himself is no provincial scientist: He is the editor of a mathematics journal published by the famous Dutch publishing house Elsevier. Opava was not too remote for the profit-oriented publishers; personality was the deciding factor. Even parts of the computer-supported layouts were done there, so that Krupka's assistants have an additional income and a viable setup in the form of a few PC's are part of the startup capital for the new university. The additional income is not limited, however, to the private incomes of the university pioneers. On the balance-sheet for the new universities so far only teaching has been taken into account. For this reason funding for real scientific research is of great concern to the founding teams. Therefore they are on the lookout for income for the institutions. Opava will offer, for example, retraining courses in data processing for the employment office. They also envisage a technological park for data processing firms. However, there is no industry in Opava which would support such activities from the start.

Budejovice has a different set of handicaps. The home of the original Budweiser beer is fighting the less genuine, but financially strong descendent in St. Louis. The fear that American customs, such as replacing barley with rice, would ruin the local brew, got through to even President Havel. The purists stated that such a sellout could not be tolerated. Beer drinking scientists also know what would be lost: The biologists and agricultural scientists who form the majority in Budejovice have been familiar with the practical microbiology of beer brewing since their school days. However, the beer

drinkers among the scientists know that the company in St. Louis also promises sponsorships for the newly established university. This is a dilemma!

The excellent beer is consumed in Budejovice by a broader academic constituency than in most of the other new university cities. Years ago, the Czechoslovak Academy of Sciences had already detached several institutes from the Prague conglomerate and tried to create a biocenter in Southern Bohemia. Those who were then politically connected made efforts to remain in Prague. Others, however, knew that political inflexibility is greater in the center and fled to the province. This is really a simplified image, but this type of story is now told with increased pride. It actually means that currently the scientists of the Budejovice Bio Center are on average less burdened with the past than their colleagues in Prague.

The Czechoslovak Academy of Sciences ceases to exist this year. However, it is hoped that the institutes which are profitable can continue to exist and those in charge are looking to the German Max Planck Association as an example. The scientists of the academy in Budejovice have strengthened their position by supporting the university project. Apart from employment, they are also offered space as a result of the over-sized plans of the academy. In Budejovice they are planning to have scientists double as university instructors, and, by Czechoslovak standards, an exceptional range of equipment is already in place. However, this does not mean riches in the West European sense. For this reason, they are also looking for an area of related business structures. The vicinity to Munich, Regensburg, Linz opens up new possibilities. A technology park with specialization in the biological and agricultural sciences would find optimal conditions.

The space problems for the new universities are relatively minor. The reduction of the Communist Party, which was grandiosely provided with buildings, and of the bloated administration provides space in every regional city sufficient for a small university. Everywhere they joke about the rooms possibly still being bugged. The university building in Opava is of this origin. It has been thoroughly aired; the kafkaesque atmosphere, which can still be found in the university in Prague, has disappeared here. No stupid posters, no almighty doorkeepers, information instead of regulations. Added to the atmosphere in Opava is considerable enthusiasm from the city administration. Donation drives among the population, justified outwardly by the acquisition of ceremonial insignia, are successful. Mr. Magliona discloses a secret: "But we do not yet have the amount in the bank."

Away From Prague

Words from the activists in Budejovice also contain many complaints. There are problems with the Prague headquarters of the Academy of Sciences. Other problems are the integration of the College of Pedagogy and

the Agriculture College which will bring many infrastructures with them, but also the "old structures" of personnel. The city shows little interest in the university, the people appear scarcely aware that such a plan exists. The fact is that there is something in existence from the time of communism, grounds for mistrust and indifference. Anyhow, the general public in the whole country is currently more interested in food for the body than for the mind; the creative force of academic expansion is only discussed in the ivory towers of a few theoreticians.

If they are successful building up the academic status of the universities up to a competitive level, the students will soon recognize the advantages compared to the cramped conditions in Prague. The cost ratios, dormitories, and availability of living quarters speak in favor of the province. "We are going into competition, and then we shall see," is the statement of Professor Krupka, and he admits that a failure of the enterprise is naturally also possible.

For the time being, not even the newspapers in Prague know this. In Opava, in Budejovice, as well as in the university centers all over the country, the scientists

themselves are facing an unusual task: They have to influence the public and the politicians in a well-prepared and substantive manner, they have to explain, to arouse enthusiasm for long-term goals. Thus they have to do what they normally do not do, or sometimes even reject or mess up through obstinacy. In this area there is no money for PR people and no money for travelling. There is no other way than passing out information under their own aegis; the scientists involved enjoy this new experience only partially, and after a short while long for creative time at the microscope or in the quiet library.

The outcome of this initiative for new institutions on the part of the Czech National Council is uncertain. The opportunities are unevenly distributed between old and new universities, as well as within these groups. The landscape is tectonically unsafe, it is still in flux in the societal as well as in the economic sense. A dedicated attempt is the only possibility, as specific experience is missing. Looking on from Germany, where new universities are only understood as a structural measure with ample financial backing, provides an even sharper contrast to the adventurous spirit of this project.

Church, Journalists Spar on Role of Mass Media

Bishops' Pastoral Letter

92EP0019A Warsaw GAZETA WYBORCZA in Polish
13 Sep 91 p 14

[Pastoral letter prepared by Conference of Polish Episcopate for Mass Media Day: "What Kind of Mass Media Does Poland Need? Bishops' Pastoral Letter for Mass Media Day on 15 September"]

[Text] The mass media are becoming more and more clearly present in the life of contemporary man. They can either accelerate the development of his personality or they can completely destroy it. Therefore, they constitute a significant moral and educational problem. They are also a powerful instrument and an effective tool in the work of evangelization. Our Savior commanded his disciples to spread the Good News to the entire world and to publicly preach throughout the ages "in the light" and "from the rooftops" (Matthew 10, 27; Luke 12, 3). For this reason, Polish bishops quite often express their pastoral concern for the spiritual good of the faithful living under the constant influence of the mass media. However, they are doing this in a particular manner in connection with Public Mass Media Day, which for many years has been celebrated in Poland on the third Sunday of September.

In his "message" addressed to this year's World Mass Media Day, the Holy Father, John Paul II, reminded the world that the mass media are capable of effective work for the good of "unity and the development of the human family." In his statement, the pope made reference to the well-known Pastoral Didactic Precept "Unity and Development" issued 20 years ago upon the recommendation of the Second Vatican Council and commonly called the great charter of freedom of information. In this precept, the church depicts the media as "God's Gifts" leading to fellowship and friendship among people. However, they will fulfill this task only if they will be used by people in a prudent manner and with a sense of responsibility.

Unity is something that is very badly needed in Poland today. If during our changing history we were able to overcome even the greatest adversities and threats, it is, among other things, because we know how to unite in the face of peril.

Today, we are divided. There are factors that not only cause dissension among us but cause us to stand apart from each other or evoke outright antagonism toward each other. These include, above all, social and political views, various kinds of options, as well as attitudes on issues regarding fundamental problems of the nation and government. The great Norwid's words who wrote with sorrow that Poles are not able to "differ beautifully and powerfully" continue to remain timely.

Moreover, the existing differences are exaggerated accordingly and even distorted in deceitfully employed propaganda methods.

The ideals and symbols embedded in our history as, for example, the love of our homeland, the common good of our citizens and the numerous victims fallen in the course of regaining independence are no longer capable of successfully uniting everyone into one whole and of being conducive to surmounting the existing barriers and divisions. The sad legacy following the totalitarianism of the past is expressed in, among other things, social mores, prejudices and animosities, in the lack of mutual trust, and in attitudes of pathological distrust. Therefore, we must search out the kinds of ways and means that would eliminate from societal life and from individual behavior all that precludes unity and leads to discord.

The question arises whether the mass media in Poland are currently able to shape the spirit of mutual understanding and unity in the life of the public. Unfortunately, the answer to this question is negative. In their current state, the mass media could not meet such a challenge. They can only be capable of taking on such a mission and fulfill an integrative function in society if they themselves were to undergo thorough and far-reaching changes. What disturbs them the most?

Above all, they have lost a fundamental sensitivity to the nation's and the government's basic and most important problems. At the same time, insignificant and secondary issues have been exhibited to an excessive degree. This falsifies the image of existing reality.

They also do not teach to an adequate degree about love of the homeland, which expresses itself in, above all, unselfish service, sacrifice, and dedication.

Moreover, numerous and diverse lines of thinking promulgated by the mass media demonstrate that their authors do not understand or simply do not want to understand the historical changes that have been occurring in Poland in recent years.

In addition, initiatives and attempts that inspire earnest and tenacious work for the good of our common homeland are also not being undertaken in the mass media to an adequate degree.

Numerous occurrences that fill the clergy and the laity with great concern should also be added on to all the unhealthy attitudes and shortcomings exhibited by the mass media in Poland. Among these are, for example, public attempts at ridiculing society's authority figures, blasphemous remarks on the subject of religious beliefs and ethical standards, flagrant dissemination of pornographic material, the use of manipulative techniques in conveying information, the persistent promotion of a lifestyle without faith or moral responsibility, and disregard for such principles are the indissolubility of marriage or the protection of conceived life.

It clearly follows from this general assessment of the mass media that currently they are incapable of initiating all those mechanisms within themselves that build bonds of unity and successfully integrate society. Thus, if they do not undergo as soon as possible deep and thorough reforms, they will inevitably bring about further divisions and discord.

However, there is visible hope for the future in this domain in some of today's newly created press titles and publications as well as certain radio and television programs. They attract the attention of the public not only with their high level of journalistic professionalism but, above all, with their ambitious undertaking and treatment of the most important problems affecting the life of the individual and of the country as well as with concern for man's spiritual well-being.

We Polish bishops, gathered in the sanctuary of Jasna Gora, where we have always been free, turn today with a fervent appeal to all our fellow citizens employed by the mass media.

The difficult situation in which our country finds itself currently, caused by numerous consequences of the totalitarianism of the past, requires sincere concern and widespread commitment of people of goodwill in the historical undertaking of building lasting harmony among all those who make up our nation's community.

If the mass media find themselves in the hands of responsible people and those truly concerned for the welfare of their country, they become a powerful force capable of creating strong bonds between people and leading to mutual understanding and unity. For this reason, every initiative undertaken by the mass media for the purpose of eliminating existing dissension and conflict, every radio and television program whose aim is to quell dangerous tension, every type of work in the mass media performed with love for the homeland and for other people, today constitutes a dictate and an important contribution to the work of building lasting order and mutual goodwill in society. This responsible task becomes a historical mission under current conditions with which every newspaper, radio, and television journalist, without exception, is faced.

All activity of those involved in the mass media should be based, above all, on the Ten Commandments. The Holy Father reminded us so emphatically of their significance during his pilgrimage to his homeland. The Ten Commandments constitute a huge core of Christian Europe. On 16 August of this year, Pope John Paul II spoke with emphasis at the airport in Balice saying that "it is indispensable to go back to the Christian roots of Europe. The essence of the new evangelization of our continent, and of our nation, and of the people on this continent is based on this."

Every evangelization brings people to mutual understanding and harmony. A huge role may be played in this undertaking by those involved in shaping culture and by

those mass media workers always ready to serve the homeland and the people unselfishly.

We also turn with a sincere appeal to the faithful who use the mass media. The way in which they are used determines their influence on the personality of the individual and also on the life of society as a whole. This is proven particularly when unfair monopoly in the mass media is replaced by developing pluralism. In this situation, an attitude of critical judgment with regard to the material published or conveyed by the mass media is indispensable so that it may be possible to accurately differentiate between the truth and falsehood and to always choose the most worthy publications, films as well as radio and TV programs. An appropriately formed critical stand should in turn lead to an active attitude toward the mass media expressed in, among other things, disapproval of material that evokes aggravated situations of an ethical nature.

Another, very important duty of Polish Catholics in the field of mass media is the systematic association with religious press. The most favorable solution to this issue would be for every family to regularly buy at least one Catholic publication. In the face of lay and atheistic influence that streams from many periodicals and magazines published in Poland, constant contact with the Catholic press is a strict duty of conscience. It is not necessary to prove that an increase in readership in turn leads to the further development of the Catholic press. This is also a huge task standing before every clergy member. We are all responsible for the development of the Catholic press in Poland!

Gathered here at the feet of Our Lady of Jasna Gora, our common Mother and Queen of all Poles, we bring before her our sincere and hopeful prayers for the grace of mutual understanding and harmony for the entire nation, and for those responsible for the mass media—the perpetual light of the Holy Spirit in all actions that bring people close together and unite successfully.

Signed by the cardinals, archbishops, and bishops present at the 249th Plenary Conference of the Polish Episcopate held at Jasna Gora.

Jasna Gora, 26 August 1991

Journalists Respond

*92EP0019B Warsaw GAZETA WYBORCZA in Polish
13 Sep 91 p 15*

[Commentary by Maciej Letowski of LAD, Zdzislaw Pietrasik of POLITYKA, Dariusz Fikus of RZECPOSPOLITA, Maciej Ilowiecki of SPOTKANIA, Tomasz Wolek of ZYCIE WARSZAWY, and Ernest Skalski of GAZETA WYBORCZA]

[Text] Maciej Letowski—editor in chief of the Catholic Social Weekly, LAD

The bishops make two basic charges with which Catholic press journalists agree. First of all, that the mass media

add fuel to divisions in society and secondly, that they ridicule the authority and truths of religious belief.

Publications that cater to the lowest instincts have also benefitted from Poland's regained freedom. Hence, the blossoming of pornography, the seeking out of scandal, and so forth. Publications of this type have gained an astoundingly large following. It is possible that this phenomenon is inevitable during the transition period following the collapse of totalitarianism and will begin to subside in time.

The method of rendering titles after the abolishment of the RSW [Worker's Cooperative Publishing House] has also contributed to the rise of the current situation. What ought to have been done was to take into account not only who will pay more but also consider criteria from the system of values. This did not happen. Therefore, responsibility for the present image of the mass media is also borne by those who did away with the RSW and administered titles.

In the process of public communication, nothing can replace words that possess didactic power. Even journalists who work for the news media must be aware that every piece of news is an instrument for the shaping of public opinion. The stereotype of an unbiased journalist who only informs and writes about reality may be an attempt at casting off responsibility for expressed words.

Zdzislaw Pietrasik—POLITYKA journalist

Belief in the power of the word is what captivated me the most in the bishops' letter. We, who write, are often deprived of it. And I am afraid that it is we who are closer to the truth than the bishops. It is drab reality rather than our journalistic suggestions that influence the attitudes of RP [Republic of Poland] citizens.

I believe that today, Poles are rather reluctant to be taught lessons. They are more in search of a confirmation of their own judgments. Both journalists seeking easy popularity as well as politicians are aware of this.

The bishops claim that we need unity. This is a beautiful premise and everyone agrees with it. We should differ powerfully and beautifully just as Norwid would have wanted it. Unfortunately, we most often differ in an ugly manner—first in life and only later in press columns. I feel that a good deal of the bishops' accusations result from a confusion of reality with its depiction. After all, the press does not create facts but only discloses them. This is as if we had a grudge against a mirror.

However, I do agree that differences are frequently exaggerated by the mass media. This is clearly evident in the local TV studios.

The bishops urge us to read the Catholic press. I do not believe that this incentive will bring any positive results. The Catholic press must undergo changes; it must adapt itself to its readers and their contemporary expectations.

The TYGODNIK KATOLICKI [Catholic Weekly] is no longer sufficient even if the editor, Klechta, is chosen as a permanent columnist.

Dariusz Fikus—editor in chief of RZECZPOSPOLITA

I read the bishops' pronouncement with concern. I was struck by the generalization that the Polish mass media debases basic sensitivity to the fundamental and most important problems of the nation and the government.

It appears to me that the Polish mass media are diverse and this is their great asset. There are those that I do not like and to whom, indeed, this accusation may be applied. However, I would not attribute this to the entire Polish press nor, for example, to TYGODNIK POWSZECHNY nor to NIEDZIELA, RZECZPOSPOLITA nor GAZETA WYBORCZA.

I also do not agree with the statement that the media are to teach love of country and unselfish service in love and dedication. For 40 years, the Polish press was burdened with just such educational responsibilities. Naturally, these duties did not serve the good but the bad but I do not believe education to be a function of the mass media. Above all, the media are to inform whereas the individual should select the paper that he wants to read.

I would fear such a situation in which we, representatives of the press, would be so greatly burdened with didactic responsibilities. Let this be the responsibility of schools, of the church, organizations, and parties, and let the media inform.

Maciej Ilowiecki—president of the Association of Polish Journalists, editor in chief of SPOTKANIA

The Polish episcopate gave a very harsh assessment of the situation in the mass media and the ethics of Polish journalists. I also assess the situation as difficult and not good. However, I do not necessarily perceive problems and evil in the same things as the bishops. I also place lesser demands on journalists (perhaps this is an expression of surrender).

I am not certain that our role is to teach the public and to shape its attitudes. It would be, I should think, enough to display basic professional integrity, i.e., to inform honestly and objectively and to be able to distinguish clearly between writing about reality and its interpretation. People all too often do not understand our information; they do not know what it is all about.

I also do not like the current style of polemics; the obstinacy and boorish destruction of political opponents.

However, I am most opposed to the obliteration by the press of the line between good and evil, lies and truth and preaching that everything is relative and that there is no justice. I consider such activity to be dangerous and I believe that the church's concern is not unsubstantiated.

I agree that the public ought to be critical toward that which we communicate to them. However, I feel they are critical.

Accusations should not be generalized. Despite this, I believe that it will be of no harm to anyone to reflect on the church's appeal.

Tomasz Wolek—assistant editor in chief of **ZYCIE WARSZAWY**

The duty of the church is to conduct a moral judgment of all elements of reality including also the mass media.

The bishops assume that the mass media have an enormous role to play, particularly during the period of governmental system changes. The entire country is being subjected to historical changes and not all the mass media are able to keep up with these changes or explain their meaning to readers.

I notice a certain decline in sensitivity to issues of patriotism and unselfish service for the common good. In this sense, the bishops are quite right. There is never enough paying attention to the ideals which, after all, added sense to the activity of both the democratic opposition as well as all of Solidarity.

The charge of ridiculing authority figures should also be treated as serious. Authority, both individual and institutional, constitutes an achievement that can be easily dissipated but that is difficult to replace. The presidential campaign provided a good number of examples illustrating this danger. The bishops emphasize the issue of journalistic responsibility and seriousness in the treatment of the public.

They end their letter with an appeal for support of the Catholic press. It is a kind of historical paradox that this press had its best moments during the period of martial law when many people, at one time distant from the church, found refuge there.

I believe that the current crisis is the inevitable price for the return of freedom. Normal titles have begun to appear and it is no longer necessary to use the church's umbrella, to which so many journalists are indebted. The Catholic press has its place but it should find it anew because it no longer has to fulfill vicarious roles.

I interpret the bishops' letter as an expression of concern for the public mass media to serve Poland.

Ernest Skalski—assistant editor in chief of **GAZETA WYBORCZA**

The letter gives the impression that the bishops expect the mass media to take on the role of a second didactic institution next to the church. There exists the concept of the media as teacher and mentor and, therefore, as judge who defines what is right and wrong. In a simplistic sense, this is the role of a propagandist and in an extreme sense—even that of an organizer.

Naturally, in a free country with a free press, there may exist singular mass media who want to fulfill that kind of role and this is their right. In a pluralistic society, however, these will be various forms of didactic instruction, various examples and points of view. Above all, however, the social role of the mass media is to convey information and not teachings. People have a right to know and to choose those mass media that convey this information the best. This means that editors are subject to readers, listeners and viewers but this is perhaps better than being subject to someone—and this is no irony—who knows better, really better, what is right and wrong. It so happens that journalists are not appointed to fulfill the function of mentors, indispensable for the church and school.

POLITYKA Weekly News Roundup: 6-12 Oct

92EP0045A Warsaw *POLITYKA* in Polish No 41,
12 Oct 91 p 2

[Excerpts]

National News

[passage omitted]

A group of deputies in the Citizens' Parliamentary Club [OKP] have presented a proposed resolution: "Martial law introduced 10 years ago on 13 December 1991 was contrary to the law and was directed against the Polish people's desire for freedom. The Sejm offers its respects to the victims of murder and repression of martial law." In another proposal, the Public Security Office, Military Information, the Security Service, and "their creators and supervisors, the PZPR [Polish United Workers Party] and its allies" are recognized as "criminal" organizations "stained with the blood of thousands of the best sons of the Polish people." In the end, a five-point resolution in the version of the Parliamentary Club of the Democratic Union [KPUD] was adopted by the Sejm: the chamber accepted the conclusions of its Extraordinary Commission, and in its resolution, the chamber supported the continuation by the next Sejm of the study of the circumstances surrounding the introduction of martial law and bringing to justice only those who committed crimes and rejected collective responsibility.

In a letter, Czesław Kiszczak responded to the accusations of the Extraordinary Commission. He rejected the claim that in preparing martial law the Ministry of Internal Affairs acted unconstitutionally: "Such a claim misses the truth for it is the Constitution that included provisions for introducing martial law in determinate conditions of external and internal threats to the state, and such conditions existed in 1981-82." Not the Ministry of Internal Affairs, but the Council of State, as authorized by the Constitution, introduced martial law. Wojciech Jaruzelski told *GAZETA WYBORCZA* that he is prepared to stand before the commission and explain: "The commission of Deputy Rokita did not talk to me." W. Jaruzelski said: "I have more than once publicly declared that I do not refuse responsibility, that

I take everything on myself that people take as the wrong they suffered. In the end, it was I who governed the state then. But I cannot identify myself with each criminal deed that occurred under martial law; I feel primarily morally responsible, and that will accompany me to the end of my days."

From the surveys of the Center for Research on Public Opinion: nearly 60 percent of Poles did not watch the first round of television election programs (9-18 September 1991), and a further 20 percent watched barely one or two programs. Among those watching, most were individuals 60 years of age or older; the least, those under 24. They gave the program of the Democratic Union [UD] the highest marks (40 percent—good), then the Democratic Party (35 percent), and the Polish Party of Friends of Beer (33 percent). The lowest marks went to the Citizens' Center Accord; Party X; the Democratic-Social Movement (Z. Bujak), 20 percent each; and the Peasants Accord, 18 percent.

Jacek Kuron (98 points out of a possible 100) was named the politician of September by ZYCIE WARSZAWY. Behind him were: Jan K. Bielecki (79), Tadeusz Mazowiecki and Krzysztof Skubiszewski (74 each), Ewa Letowska (67), Bronislaw Geremek and Adam Michnik (63 each), Lech Walesa (61), Ryszard Bugaj (59), and Leszek Balcerowicz (49). Jozef Slisz and Jerzy Urban finished last with 17 points each. Donald Tusk (age 34), the chairman of the Main Board of the Liberal-Democratic Congress [KLD], was judged the most promising young politicians. [passage omitted]

Under the new administrative divisions, a special group at the Office of the Council of Ministers anticipates the reactivation of powiat and starostwo offices.

Price increases in September: In comparison with the end of August 1991, prices increased by 5.4 percent, including food prices by 9 percent; services by 3.8 percent; and nonfood articles by 3.3 percent. The price of butter rose by 33 percent; of cheeses by 18.1 percent, of meat and meat products by 14.2 percent.

Senate commissions discussed a law on radio and television. At the suggestion of Andrzej Wajda, they resigned from an amendment giving the president supervision of the National Council for Radio and Television. The commissions accepted a recommendation that public television and radio "respect the universal principles of ethics in conjunction with the Christian system of values." The Senate in voting shared the position of the commissions in both cases. [passage omitted]

The Center Accord—as GAZETA WYBORCZA reports—is preparing four "decommunization" laws. The first is to state that the PPR [Polish Workers Party] and the PZPR were organizations acting to the detriment of the Polish state and society. The second is to define the responsibility of the party and communist activists. Functionaries of the PPR and the PZPR, from the head of a section of the PZPR Voivodship Committee and up, would be prohibited from holding public positions for 10

years. Simultaneously, there is to be a study of the assets of the functionaries mentioned in the law. The goal of the next two laws would be a verification of the people in the apparatus for the administration of justice (the courts and prosecutors) and a verification of the officers of the Ministry of Internal Affairs and the Security Service. The latter, like all high PZPR functionaries, would not be able to hold public positions. They also could not work for 10 years, for example, in education. [passage omitted]

After talks with representatives of the Ministry of Agriculture, the Zamosc farmers ended their hunger strike. Jan Kuczynski of the union federation of power-industry workers has suspended his hunger strike after announcements that the ministry will begin talks on the financing and the organization of the power industry. Jan S., a resident of Rzeszow, in a letter to the city authorities threatened to burn himself alive if the council members did not cease their repressive policies against merchants who have market stalls on Freedom Square.

The Sejm has recommended minimal prices for milk and bread flour and preference loans for farmers to the government. There were 169 votes for the resolution, 32 against, and 33 abstentions. The government representative spoke against the resolution and said that minimal prices are damaging and there is no money for loans. [passage omitted]

Ireneusz Sekula won his suit against the publisher of TYGODNIK SOLIDARNOSC and Andrzej Korybut-Daszkiewicz, a journalist for the paper, who in January 1991 wrote that the former deputy prime minister is associated with the *nomenklatura* partnership Interster. The Warsaw Voivodship Court required the publisher "to cease publication of false information" on the subject of I. Sekula's association with Interster. The defendants are to publicly apologize to the plaintiff and pay damages of 1 million zlotys to the Polish Red Cross. The decision was by default since the defendants did not appear at the trial. [passage omitted]

Who's Who

Alfred Miodowicz, the chairman of the OPZZ [All Polish Trade Unions Agreement], has resigned from his position. He told a journalist for GLOB 24: "When a man finishes his 62d year, he should live in accord with God's wishes. And he told me: 'Alfred, take care of yourself. I want to show how a chairman of a union central should depart. Quietly, in his own time, and definitely not during an election campaign.'" Stanislaw Tyminski, the leader of Party X, in a letter to Lech Walesa told the president that he intends to leave the country: "I do not want to create the illusion these elections are honest by my presence." A violation of the election law is the reason for the decision. Counter Admiral Czeslaw Wawrzyniak, the current head of the office of the Minister of National Defense, has been named head of the military information services (military intelligence and

counterintelligence). Krzysztof Bachminski, the president of Krakow, has resigned because he and the city council cooperated poorly. The president of Art B is 35-year-old Robert Rządca, deputy president of the International School of Management in Warsaw; previously, he was an assistant at Warsaw University, where he finished his doctorate. Ignacy Rutkiewicz, president and editor in chief of PAP [Polish Press Agency], has been elected the first deputy chairman of the association of European press agencies at the association's annual meeting. [passage omitted]

Opinions

Jan Czarnogurski, prime minister of Slovakia:

(Interviewed by Sławomir Sikora, DZIENNIK POLSKI 20 September 1991)

[Sikora] What is your opinion on the proposal to form a triple alliance among Poland, Czechoslovakia, and Hungary?

[Czarnogurski] Analyses by specialists in West Europe indicate that we could be accepted into the EEC around 2000. I do not share the opinion that they do not want us there. I think that here in Central Europe we should do something together until that time. We do not want West Europe to give us proposals for integration on a silver platter. Let us do something which is good for us; then we will become more valuable to the West. That will permit us to integrate on negotiated conditions that are favorable bilaterally. I am a supporter of a four-sided alliance: Hungary, Slovakia, Czech, and Poland.

Andrzej Drawicz:

"The provisional Sejm, having accomplished a number of positive things, will soon end its exhausting term. That will happen in the name of a truly democratic Polish order. My question is: Would it not be proper for the president, in the name of the same thing, to also end his experimental stay in the Belweder? Stabilization would then occur over the entire political space.... Everyone can see the results there are. Fortunately, the candidate simply wanted to gain an elevation for if he had had a program things would be much worse. And as it is in many areas of policy, there is only a continuation of previous plans. Plus, however, a mass of additional confusion.... We are all struggling, and the main culprit most of all. The young people are frustrated. The retirees are screaming. The nation is laughing. His former colleagues are mad at him. Does it really have to last more than four more years? We have outstanding constitutional specialists and legislators; let them find a way of settling everything without injury, in an elegant manner." [passage omitted]

Three New Forms of Taxation Profiled

92EP0033B Warsaw RZECZPOSPOLITA (ECONOMY AND LAW supplement) in Polish 26 Sep 91 p III

[Article by Katarzyna Jedrzejewska: "Value-Added Tax"]

[Text] We have, admittedly, already written in RZECZPOSPOLITA about the tax on goods and services [PTU] which is to go in effect next year. However, the structure of this tax is, undoubtedly, not yet known to everyone. It was discussed in detail at the Second Session of "Fiskus's Forum" organized by the biweekly of that same name.

The PTU is a Polonized name for the tax on goods and services. It is, at the same time, an accurate name since the abbreviation VAT [Value-Added Tax] used in the West does not express the actual meaning of this tax and is used only for traditional reasons.

The drafted law on the tax on goods and services essentially speaks of three taxes. These are:

1. A withholding, multiphase turnover tax (this is the actual tax on added value).
2. A consumer tax (in reality, this is a classical excise that increases prices on traditional and monopolized goods).
3. A duty tax (one that is levied on imported goods and services).

Value-Added Tax

This is a withholding, multiphase tax. Its primary feature is the way in which it is levied. The taxpayer deducts from the tax that he is to pay, the amount of tax calculated at the time of purchasing goods or services. Therefore, the tax computed into the cost of purchased goods and services will reduce the value of the sales tax paid by the taxpayer at the revenue office. Thus, the term—value-added tax (i.e., on net turnover).

If every economic unit will be able to deduct the tax paid in the cost of obtained goods and services, it then becomes clear that the real payer of this tax will be the consumer. He cannot deduct anything because there is nothing to deduct from—he does not further process nor sell the goods, only consumes them.

The deducted amount is the sum total of amounts specified in bills and invoices confirming a purchase by the taxpayer. If the taxpayer purchases an imported commodity or service, then the amount to be deducted will be that which appears in customs clearance papers.

Duty Tax on Goods and Services

Currently, this tax is precisely regulated by a decree of the minister of finance of 28 July 1991. The future tax is to be paid by all those who pay it currently. Thus, among these taxpayers are corporate and individual persons who import goods from abroad and who are obligated to

pay or would have to pay a tariff if the particular commodity were not to be duty-free or if the duty were not to be waived.

The designer of the new law predicts that the goods included in the exemptions from value-added tax will also be exempt from duty tax. The list of exemptions will be given in the addendum to the law. The duty rates are the same as in the case of the value-added tax.

Consumer Tax

A consumer tax will be imposed on the sale and import of specified (detailed in the law) goods. It will be paid by the manufacturer or the importer. The law will only define the upper limits of this tax. For goods produced domestically, these limits will be calculated according to the percentage of the sale price reduced by the PTU; for imported goods—according to the percentage of the customs value increased by the imposed duty.

The essence of this tax is that it is to be a one-time tax levied regardless of the withholding, multiphase turnover tax. It cannot be deducted in the subsequent phases of production or turnover. Therefore, it raises the price of the commodity. If we assume—in accordance with the assumption of the legislator—that every sale of this commodity will also be taxed with a value-added tax, then as a result we will have two tax rates and, therefore, twofold, so-called internal taxation.

The only tax that will be refunded is the consumer tax. This will apply to diplomatic, consular, etc., personnel who do not have Polish citizenship and do not reside permanently in Poland.

Estimation of Harvest Results Noted

92EP0033C Warsaw RZECZPOSPOLITA
(ECONOMY AND LAW supplement) in Polish
26 Sep 91 p 1

[Article by Edmund Szot: "Estimated Assessment of Crop Harvest: A Lighter Fall in Agriculture"]

[Text] The Central Office of Statistics [GUS] has prepared a so-called pre-outcome assessment of the principal crop yield. It was prepared on the basis of the grain harvest conducted by means of harvesters as well as the state of plantations and initial harvesting of root crops.

Grain

This year's harvest amounts to 27.3 million tons, i.e., it will be 0.4 million tons (1.3 percent) lower than last year. The surface area under grain cultivation has increased this year by 0.2 million hectares, i.e., by 2.1 percent. On the other hand, the yield is lower (by one quintal per hectare) and comes to 31.8 quintals per acre (a 3-percent drop). The winter wheat yield is estimated at 39.6 quintals per hectare, that of spring wheat at 32.6 quintals per hectare, rye—25.9 quintals per hectare, winter barley—40.3 quintals per hectare, spring barley—33.0 quintals per hectare, oats—27.0 quintals per hectare, and

triticale—34.3 quintals per hectare. Buckwheat and millet yields have been estimated at 11.9 quintals per hectare; that of corn grain—47.5 quintals per hectare. The highest grain yields (more than 40 quintals per hectare) were obtained in the following voivodships: Opole, Leszczyna, Poznan, Legnica, and Wroclaw. The lowest (below 26 quintals per hectare) in the voivodships of: Siedlice, Radom, Bialystok, Lomza, Nowy Sacz, and Ostroleka.

Rape

Rape harvests have been estimated at 1.1 million tons, i.e., 0.1 million tons lower than those obtained last year. The surface area under rape cultivation decreased by 6.5 percent (down to 467,800 hectares) and yields were lower by 5.4 percent (22.8 quintals per hectare). The highest rape yields (over 26 quintals per hectare) were obtained in the voivodships of: Poznan, Warsaw and Lodz; the lowest (12.2 quintals per hectare) in Bialystok Voivodship.

Potatoes

Potato harvests will come to 31.5 million tons, i.e., they will be as much as 4.8 million tons (13.3 percent) lower than last year. The surface area under potato cultivation decreased by 5.6 percent (down to 1,732,700 hectares). Yields will be 8.1 percent lower and will amount to 182 quintals per hectare. The highest potato yields (over 200 quintals per hectare) are expected in the following voivodships: Szczecin, Bialystok, Wroclaw, Legnica, and Kalisz; the lowest (below 170 quintals per hectare) in the voivodships of: Krakow, Radom, Tarnobrzeg, Zamosc, Kielce, Zielona Gora, Konin, and Nowy Sacz.

Sugar Beets

The sugar beet harvest is estimated at 12.5 million tons, i.e., 4.2 million tons less than last year's harvest. The drop in yield will result from a reduction in the surface area under cultivation by 18.6 percent (down to 361,300 hectares) as well as a 4.7 percent decrease in crops (down to 347 quintals per hectare).

The best sugar beet harvest (over 380 quintals per hectare) is expected in Krakow and Elblag Voivodships; the lowest (below 300 quintals per hectare) in Suwalki, Zielona Gora, Jelenia Gora, and Slupsk Voivodships.

Fruit

The combined fruit harvest will come to 1.9 million tons and will be approximately 0.4 million tons higher than last year's. The yield of fruit from fruit trees is estimated at 1.4 million tons (38 percent higher than last year) and that of berry fruit—at approximately 0.5 million tons (14 percent higher than last year). Apple yields will come to 1,150,000 tons and will be 41.6 percent higher than last year. There will be a 45.7-percent higher yield of pears, 21.1 percent more plums; 1.9 percent more sour cherries and 59.4 percent more sweet cherries have been obtained.

Vegetables

The output of field vegetables will come to 5.5 million tons and will be 4 percent higher than that of last year. The surface area under vegetable cultivation has increased this year by 10.8 percent. Cabbage yields will be 2.9 percent higher, those of cauliflower—7.3 percent higher, and onions—0.4 percent higher. The carrot crop will also be larger (by 1.3 percent) as well as that of garden beets (0.3 percent larger), cucumbers (by 15.6 percent) and tomatoes (8.2 percent larger).

And just for purposes of comparison, grain yields in the individual sectors: PGR [State Farms]—40.3 quintals per hectare, agricultural production cooperatives—35.2 quintals per hectare, agricultural circles—28.3 quintals per hectare and private farms—29.9 quintals per hectare.

Rural Areas See Rise in Telephone Installation

92EP0033A Warsaw *RZECZPOSPOLITA (ECONOMY AND LAW supplement)* in Polish 26 Sep 91 p II

[Article by W.M.: "Telephones Are Coming to Rural Areas"]

[Text] When becoming angry over a silent or poor telephone connection, we should realize that there are those in a worse situation. They do not have this atrocious device at all that often does not work properly. Residents of 4,155 villages are in this situation. In many other villages and settlements regarded as telephone equipped, there is only one operational phone. There are eight poorly functioning telephones per 100 residents, whereas in Europe the ratio is 25 telephones to 100 residents.

The outfitting of rural areas with telephone equipment was the subject of a meeting with journalists held on the 25th of this month by Deputy Minister of Communications Stanislaw Szuder. The deputy minister was by no means in a doleful mood. It turns out that the ministry has something to boast about. New telephone subscribers from rural areas are increasing as never before. Last year, 38,900 new telephones were installed in rural areas. This represented an 11-percent increase in relation to 1989 with an overall increase in subscribers of barely 5 percent.

Over a period of eight months of this year, rural areas received over 33,500 telephones out of a total of 143,333 installations in the country. Deputy Minister S. Szuder calculated that the total increase of newly installed telephones as compared with last year comes to 4.3 percent and 8.6 percent in rural areas. He added that during the current year, it was planned that 200,000 new telephone subscribers would be provided with phone service including 50,000 in rural areas and that this is expected to succeed.

Rural areas crave telephones more intensely than before because increasingly more new enterprises of all kinds,

whose operations and growth depend on the ability to communicate with the world, are opening up there. Budget funds allocated for equipping rural areas that do not have telephones with phone service will amount to approximately 30 billion zlotys [Z], according to ministry data.

Telephone installation in rural areas costs much more than in the city. As far as the connection process itself—the average cost in the country is from Z12 million to Z15 million. However, the "creation of a number," depending on the equipment installed, costs from \$130 (domestic) to \$200 (foreign). Domestic equipment does, admittedly, cost less but it is more expensive to use later, thus, its installation costs more in the long run.

Approximately 1,500 public telephone committees are active in the country. According to a decision made on 16 August of this year by the general manager of PPTT [Polish Posts, Telegraphs, and Telephones], who delegated authority to PPTT voivodship directors, it is permitted to "waive fees for telephone service installation" (currently this comes to Z2.5 million) from committee members who contribute to the building of the telecommunications network. Furthermore, voivodship directors have obtained the right "to exchange the amount exceeding the contribution of telephone committee members (amount exceeding the one time charge for access to the PPTT telecommunications network) for a fee-exempt monthly allowance of registered units during a period not to exceed four years whereby the number of telephone calls per month cannot be less than 50.

A total of Z4 billion will be spent for telecommunications this year. One-third of these funds, as informed, will be in the form of foreign credit, one-third—domestic credit, and the rest in the form of PPTT's own funds. Within three years, Poland should have an additional 1 million new telephones.

Solutions for Warsaw Metro Financial Woes Noted

92EP0033D Warsaw *RZECZPOSPOLITA (ECONOMY AND LAW supplement)* in Polish 24 Sep 91 p II

[Article by Malgorzata Szyszlo: "Will There Be Funds for the Metro? Enfranchisement Will Hasten Its Construction"]

[Text] The construction of the first line of the Warsaw metro has great chances of finding its way into the world book of records as one of the slowest moving investments of this type. The reason for this is extremely prosaic—the lack of funds. There is no use counting on some large sums from the budget. Thus, where is the money to be obtained for the continuation and completion of the job?

We have learned unofficially from the Ministry of Land Use Management and Construction that a law has been

drafted "on real estate property associated with the construction and operation of the Warsaw metro." It was stated that the proposed solutions "are aimed at creating conditions for the continuation and completion of the metro's construction as an investment of a public nature."

Thus, the bill proposes that the capital city of Warsaw, as an obligatory federation union of districts-gminas, should receive ownership of real estate situated along continuous lines which demarcate the metro route and within range of its direct influence. These properties would be acquired by the city in a simplified process. Real estate that constitutes the property of the state treasury or that of gminas would by force of law gratuitously pass over to city property. Rights of use established for this real property as well as leasing, rental and management rights would expire by way of indemnity. On the other hand, real estate that constitutes the property of other corporate or individual persons, would be acquired by the city on the basis of general principles by way of an agreement or expropriation. It is also proposed that the principle of returning real estate property to former owners be abandoned regardless of how the property was acquired. Naturally, such property owners would be entitled to compensation.

The bill proposes the creation of a Metro Property Administration which would manage its property and financial resources in the name of the capital city of Warsaw. This administration would include, among

others, the city's mayor and administrators of districts through which the metro line would run as well as the government plenipotentiary for matters involving the metro's construction.

Real estate property taken over on the basis of the drafted law, and according to preliminary estimates this would involve approximately 73 hectares, would be made available to domestic and foreign investors. However, the latter would be exempt from the obligation to obtain the consent of the minister of internal affairs for the acquisition of real estate property. As stated by the interviewee of RZECZPOSPOLITA, "the adoption of the principle is being proposed that real estate property of the capital city of Warsaw would also include the metro's underground structures. This real estate would be turned over for tenured use, normal use, leasing or rental. The buildings erected on the surface of land turned over for tenured use would constitute the property of such users. The only thing is that more flexible terms of the duration of tenured use time from 10 years to 99 years are being proposed," he added. The remaining buildings as well as underground metro structures would be turned over for use, leasing or rental.

The creation of a Metro Real Estate Management Fund is also envisioned. Its income would be from real estate operations and from budget subsidies, grants, etc. Metro construction and use costs would be covered from these income sources. The Metro Real Estate Administration would exercise control over the Fund's resources whereas the Warsaw Council would exercise control over its activity.

Senator Voiculescu Explains Controversial Speech
 92BA0040A Bucharest *TINERETUL LIBER*
 in Romanian 3, 4 Oct 91

[Interview in two installments with Senator Gelu Voican Voiculescu by Virgil Mihailovic; place and date not given: "As a Senator I Can Make Any Statement in Parliament"—first paragraph is *TINERETUL LIBER* introduction]

[3 Oct pp 1, 3]

[Text] A controversial figure in the political scene prior and after the events of December 1989, Mr. Gelu Voican Voiculescu, FSN [National Salvation Front] senator for Buzau, is in the habit of cropping up at key moments of explosive events. Here it should be recalled that he handled the unfolding and denouement of the Ceausescu trial, after which "he was seen only at the Tirgu Mures events," followed by a period of relative quiet, only to reappear after the arrival of the miners in September 1991 with an even more electrifying report that seemed to light a fire under politicians and to raise many questions that will undoubtedly be answered in the future. In connection with the report presented in Parliament, we attempted to have a discussion with Mr. Voican in order to clarify issues that seem extremely serious to us. Consequently, the first question we asked was, in what quality did he carry out his investigation?

[Voiculescu] In the quality you know—as a senator, i.e., as an elected representative of the nation, whereby it is my duty to express political truths that are essential for safeguarding democracy, and as such I assumed any risk and at the same time, full responsibility. In fact I must point out that this incident has shown that the status of a Parliament member [MP] (deputy or senator) is not very well understood, nor are the consequences stemming from their immunity.

[Mihailovici] How do you explain the fact that the information was so precise and was gathered in a relatively short time, although it was not released by the SRI [Romanian Intelligence Service] and MI [Interior Ministry] (who, if they had the information, didn't disclose it)?

[Voiculescu] You would have been even more surprised by the exactness of the information if you knew that it came in at time intervals between one hour to several days before the events occurred. Precisely the fact that the assertions contained in the reports in question were verified, proves that the situation was real. The state bodies involved in national security, whom I immediately provided with these information items (sometimes even by telephone, while the events were taking place in those days), became convinced that they were valid. The best verification was that what had been announced was carried out. Actually, some of the preventive measures that ensured the success of the reaction and resistance to the attackers were at least partly due to this kind of information. The fact that some reports reached us

quickly was the merit of the respective sources, meaning of some individuals who were at the core of the events and who, out of patriotic feeling, hastened to quickly reveal the data in question. We cannot rule out that the MI bodies and the SRI may have had similar information. Regarding the MI, I actually know that they were informed, that the reports were verified by the events themselves and were thus viewed as reliable, and that steps were taken accordingly. As for, "If they had the information, why did they not disclose it?" I have to call your attention to an obvious distinction: I, as a senator, can make any statement I want on the premises of Parliament, where my assertions enjoy parliamentary immunity under a nonresponsibility clause, whereas the state authorities cannot say anything without evidence. The state bodies you mentioned are only informative, their findings do not constitute proof as such and can be utilized only by judicial bodies following specific procedures. In fact, informative bodies, whose activities are secret by definition, cannot publicize the results of their endeavors.

[4 Oct pp 1-2]

[Text] [Mihailovici] Was this entire report supported by proof?

[Voiculescu] Proof as such has a precise legal connotation. What I said in Parliament was based on information that was verified by the fact that the events in question occurred exactly as reported after I communicated the reports to the state bodies in charge of national security. The data in question were supplemented by the verifications carried out by those special bodies themselves. All I did was to present a broad outline of the causes of the events after warning that I did not have all the data and that there were many holes in my presentation. On the other hand, for reasons of expediency I did not talk about a number of aspects which I considered as secondary or as details. In reality, the submerged part of the iceberg is far larger. Going back to the issue of evidence, you are making the same mistake as President Ion Iliescu who, in a televised statement, mentioned the obligation to show proof. On the other hand, he ignored the status and immunity of MP's, which also extends to their declarations and statements, provided they are expressed on the premises of Parliament. Statements made by an MP under such conditions are protected by a nonresponsibility clause. Formerly there was even talk of a concept of parliamentary irresponsibility which, if it didn't have disturbing connotations, would appropriately express the sense of parliamentary immunity. The president should be aware of this prerogative of ours, which is similar or analogous to that of attorneys, who are not obligated to account for or prove what they assert in speeches made in court. In other word, a lawyer cannot be called to account for and cannot be obligated to prove what he says in defense of his client in court. On the other hand, even if I wanted to bring proof, as President Ion Iliescu demanded, I couldn't do it. Proof can be handled only by a penal court following procedures envisaged and prescribed by evidence law. This is

all in accordance with the code of penal procedure. I am surprised that President Ion Iliescu is not aware of the principle of direct evidence handling. All I had as information were out-of-court statements. I felt obligated to present to Parliament the causes of what occurred and to call attention to the factors that were mainly responsible for the serious disturbances that sent a shock through our society, because I was of the opinion that the foundation of our democracy had been threatened, i.e., the basic state institutions: the government, the presidency, and Parliament. If the shadowy instigators hadn't staged such a flagrant attack on our young democratic structure, I would have let the special bodies finish their information-gathering and investigation and then sent the entire case to the judiciary branch.

[Mihailovici] What did you think of the president's statement at the televised press conference two evenings ago?

[Voiculescu] As an expert in evasive subtleties, President Ion Iliescu's Sibillyne evasions nevertheless provided a clear and precise answer as far as I was concerned: "He has a penchant for mystery novels." That is, of course, one opinion. I wonder though, if he already chose a literary reference why he didn't say that I have a tendency toward anticipation novels?

[Mihailovici] Meaning?

[Voiculescu] Because the contents of many of the information items I entrusted to national security bodies were verified by the fact that the predictions were fulfilled only a few days after they were passed on. Additional reports were confirmed by the verifications carried out and corroborated by reports from other sources. If this argument is not convincing, there is still the hypothesis that the authors of the information given me were clairvoyants.... In fact I was surprised that the president did not subsequently learn about my contribution to some of the reports, especially since some of them concerned the safety of his person. It would seem that presidential indebtedness takes the form of ingratitude....

[Mihailovici] What do you think accounted for the way in which the president described your intervention?

[Voiculescu] Because, abandoning the presidential neutrality, Mr. Ion Iliescu made a point of repeating a statement made by Mr. Virgil Magureanu, who for subjective reasons was unfavorable to me then and there, in Parliament. The same scornful dismissal in the president's attitude is already tantamount to taking parts. Did he do it in order to support Mr. Magureanu, who was at an obvious impasse? Anyway, while I never allowed myself any interference against him, Mr. Ion Iliescu violated our old solidarity as the first team after the revolution and publicly repudiated me. At some point he had to do it! While he was often upset in our relations, this time he didn't hesitate to publicly sacrifice me for the sake of Mr. Magureanu, who now is in

trouble, to whom he is probably bound by more serious antecedents and more lasting feelings than to me.

[Mihailovici] Do you feel that hurt by the president's remark?

[Voiculescu] Aside from my sensitivity, I find it unnatural that the president should launch an unfavorable suggestion about my action, thus discretely and tacitly indicating the direction and position convenient to him, which other state institutions or fora would do well to adopt. That was a tacit invitation to trivialize my intervention. But it was also an indirect means of encouraging those targeted, in that it signaled tacit assurances to them. Counting on the fact that this signal will work, doesn't he think that he is doing a disservice to the separation of powers in the state? Can it be that the autonomy and independence of the institutions subordinated only to the law should be only some ideal desiderata, some theoretical but fictitious references, while in practice the preferred system should be steering from the center or from the top of the pyramid by means of simple verdict-suggestions broadcast in the direction of a precise target? Doesn't the president realize that by this kind of reaction he may appear to have been bothered by the conclusion inherent in my assertions, and that last week's violent events were caused by left-wing communist forces that have become reactionary and revanchist? The plausibility of this version is demonstrated by the fact that even Prime Minister Petre Roman described the coup as a communist putsch from the very beginning, in other words, a desperate attempt by the extreme left to stop the democratic process begun after the December 1989 revolution. All I did was provide data I had a short while prior to that, explicitly showing who were the authors of those serious attacks on the democratic institutions, including the presidency and his person.

[Mihailovici] Nevertheless, the president insists on blaming this action on the Civic Alliance.

[Voiculescu] I don't think that he entertains such illusions about the capability of that heterogenous movement which, even if it does include violent or intolerant elements with right-wing antecedents and preferences, would not have been able to organize the mobilization and manipulation of the miners. The participation of extreme-left forces was evident, as was the professional manner in which the entire campaign was managed. The same disinformation experts who, seeing that the workers of Bucharest didn't come out into the streets according to plan, managed to create misleading appearances designed to give the impression that the Civic Alliance or the Peasant Party were involved. They were helped by those groups themselves, who proved their inability to fall into the trap and actually let themselves be dragged into it in the last days in the stupid hope of deriving some political advantage and in their blind ire against the government team in power. The covert or overt extreme left forces of the PSM [Socialist Labor Party] have every interest to appear as far removed from

the events as possible. That is precisely why I intervened with my disclosures, in order to unmask them while the traces were not yet erased.

[Mihailovici] Do you think that if Prime Minister Roman had also talked with the miners' delegation before and on the first day, the events would still have taken place as planned?

[Voiculescu] You put me in the situation of having to remind you that on Monday, 22 September the demands and claims of the miners were accepted (something that was naively mentioned even in the subsequent communique signed by the president and by trade union leader Miron Cosma), which means that there was no longer a reason for the strike. Nevertheless, on Tuesday the miners unleashed all that happened, ending with their invasion of Bucharest. Moreover, it has been agreed that Prime Minister Roman will go to Petrosani with the president on Friday, the 27th, after the visit to Austria. Wasn't the fact that once in Bucharest they refused to send a delegation to the Victoria Palace and their unacceptable demand to talk to Prime Minister Roman only "there, on the pavement," sufficiently enlightening as to their real intentions and the true purpose for which they were brought in? Isn't the fact that after the so-called resignation of the government they attacked and invaded the Parliament and demanded a vote on the president's resignation equally telling? Or the fact that they repeatedly promised the latter to pull back and leave Bucharest, but instead they repeatedly attacked the Cotroceni Palace? It is clear that they came to topple the present regime in power and all the democratic institutions and to create anarchy, against which background the PSM rescuers would have materialized and generously accepted to take the power.

Naturally, all those events were possible because of the real dissatisfaction and hardships that our society is experiencing in this process of transition to a market economy. They were, however, used for propaganda purposes and the miners' credulity was exploited in order to stage a violent move against public order.

[Mihailovici] You said that Doina Cornea's speech was an incitement to rioting, but that the television presented a correct overview of the events?

[Voiculescu] Her irresponsible action was in line with the tendency of other political forces, like the Civic Alliance, to take advantage of a situation in order to secure a political gain. She deceived the management of the television by a gross breach of faith and she stooped to a grave instigation to disorder which was all the more criminal as the society was already shaken by the disturbances that were underway. Fortunately, her lamentable presence contributed to eliciting the opposite reaction. Nevertheless, her action remains serious and should be brought before the law as it falls under penal jurisdiction. As for the television, which also came under attack, I don't know whether it is right to subject it to a critical examination. Making accusations now, post factum, is

easy; however, it reported the events convincingly enough. It is possible that in the fever of the events and under the pressure of the rapidly breaking events it may have considered some omissions necessary for reasons of expediency. Some scenes, if they are presented as they are occurring, may have harmful effects by inciting to increased violence or activating collective fear. That is a matter of judgment and it is difficult to judge whether they did right or wrong. From what I saw on the air, I personally thought that the television kept the public adequately and very honestly informed. You must also admit that there are objective limits and that at times, probably because of the violence of some incidents, it was impossible to take footage. After all, the lives of the cameramen and valuable equipment were at stake.

[Mihailovici] What chances will the parliamentary commission that will be formed have to find out the truth, considering that after a number of grave events (Tirgu Mures, or 13-15 June 1990), the reports compiled have still not been discussed?

[Voiculescu] A parliamentary commission has very good chances of shedding light on the situation, and that is why I began my report by suggesting that such a commission be formed. It is our job to learn from the experience of the other commissions and to make the necessary procedural improvements.

[Mihailovici] Can Miron Cosma be viewed as a tool of the PSM?

[Voiculescu] Yes. He is a deplorable tool of that party and generally of incorrigible, reactionary, and revanchist Communists. It is my conviction, and I am convinced that he himself is outraged about the abusive way in which he was used. I think that his declarations along this line are significant and that they should absolve him of much. He is a tragic figure with a great power to influence, whose propelling force is an unmeasurable ambition that has been exploited in the most abject manner. The energy with which he's fighting is impressive even though his blindness clouds his mind so that he cannot see the serious and nefarious consequences of the actions for which he has allowed himself to be used by shadowy, unscrupulous instigators.

P.S. The senator's statements have to be taken with natural reservations. Why? Because the much vaunted parliamentary immunity cannot take the place of evidence, at least not yet.

If to go by that consideration, anyone can claim anything. We're not saying whether he's right or not, but for the time being, without the necessary proof, everything is merely a box-office success. The fact that the judiciary has to prove that, not he, is like the saying about the fool who throws a stone into the river and 10 sages labor to get it out! As for the objectivity of the television as a participant in the events in question, I will say that the arguments invoked, the lives of the cameramen, and the value of the equipment, don't hold water! If everyone were to act like that everywhere, we would never get any

news. The independence of the television can also be viewed from the viewpoint of the fact that only that part of the tape on the events at Cotroceni and the arrival of the gendarmes' cars that was shown on television, was only the part up until that point, and nothing after that, when the forces "did their duty!" Despite the fact that the person who had filmed it was up on the building of the former Academy and thus sheltered from any potential danger and could have taken the footage, as he probably did, the film was not aired! As for the rest, there was nothing between that incident and Lucian Ciuchita's reportage two hours later!

King Michael Addresses Political, Religious Issues

92BA0036A Bucharest *BARICADA* in Romanian
1 Oct 91 pp 10-11

[Interview with King Michael by Liviu Valenas in Paris on 13 September: "I Am King of All Romanians, and Romania Is One Whole"]

[Text] On the occasion of his visit to France on 11-18 September, King Michael found time on his very busy schedule to grant us an extensive interview. Before he granted the interview His Majesty King Michael received several recent issues of *BARICADA*. Moreover King Michael told us that he really likes our journal.

[Valenas] What is Your Majesty's opinion on Romania's general situation?

[King Michael] Actually we have two situations, a political situation and an economic one. From all that I know so far I can say without fear of error that the economic situation is a disaster. Prices are rising unreasonably, so that people no longer have enough money to get along. It is hard for these people, and I fully realize it. From the political standpoint, as I stated in my Message to Romania of 27 August 1991, we are the only country in Eastern Europe where the democratizing process has stopped halfway. I know that this statement of mine provoked a rather vehement reaction on the part of the prime minister. But I can ask, if things are as good as you tell us, why does Romania have such a bad reputation in the rest of the world?

[Valenas] Why do you think Romania's reputation is so bad?

[King Michael] Events have taken place in Romania that are not accepted in civilized countries. We all know what happened in Tirgu Mures and what happened during the "Mineriad"... Those are things that cannot be explained in a free and democratic country.

[Valenas] You mentioned Tirgu Mures. In the period following the implementation of Great Romania up to the abolition of the Romanian monarchy forced by the Soviets, such incidents did not occur. But now, since the December Revolution, there has been a series of them, at the start between Romanians and Hungarians and then

against the Gypsies, all combined with anti-Semitic and xenophobic propaganda. How, Your Majesty do you explain such developments.

[King Michael] For one thing, we had certain problems with the Hungarians, and not with the Hungarians in Romania, who are Romanian citizens, but with the Horthyist government. We all know how the Ceausescu regime behaved toward the Hungarian minority, and there are probably still some elements who are continuing that policy. And from all that I know, and I have also discussed it with many Romanians in Romania, all that happened in Tirgu Mures was a provocation. Because now, although those feelings were aggravated by nationalist propaganda on the local level, in villages and cities, such regrettable things are not happening. Therefore what happened in Tirgu Mures was clearly a provocation. Why? It is my impression that such events are caused in an attempt to cover up the difficulties that exist in Romania and in the hope that people will forget or at least try to forget the difficulties confronting them at every step.

[Valenas] In the Soviet Union the defeat of the reactionary putsch was followed by an anticommunist movement that led to at least the partial if not total downfall of communism in the USSR. Do you think the events in the USSR can also have a favorable effect upon Romania?

[King Michael] First of all, I can say that the lesson, if I may use that word, that can be learned after the events in Moscow is that there is no compromise between democracy and communism! That has already been seen. It is difficult to say now whether the events in the USSR will affect Romania too. In any case I hope that people in Romania will learn this lesson, which is very important.

[Valenas] On 30 December you were driven out of Romania by order of the Soviets. Now the communist system has been overthrown in the very country that created it. What are Your Majesty's feelings about those matters?

[King Michael] First I must say again that in these 40 and more years in which I have had to stay in exile it has always been my wish that I would return to Romania and would be able to serve Romania, and, in the present situation, that we can recover so that we will come out safely. There is no question here of our "going back to the past," which is so often heard. We are not going back. We must only take our normal course! I hope that will happen as soon as possible.

[Valenas] There are a great many speculations to the effect that the Soviet system itself, through the KGB and other conservative forces, has been a major obstacle to the return of the constitutional monarchy in Romania. Are these speculations and these opinions true?

[King Michael] Yes, unquestionably! Because from the very start the Soviets utterly scorned the people and legality. I remember when I told Groza and Dej that if

they were going to abandon the monarchy the people had to be consulted. Then the people should decide whether I was to go. They replied to me (well instructed by the Soviets, of course) that "There is no longer time for such a thing and the Romanian people, who have lived loving the monarchy, will be taught to love themselves from now on!" But now I see that things are changing radically and very rapidly. It is an undeniable historical fact that I was ousted by Stalin's personal order. He wanted to end the monarchy in Romania because I was opposed to communizing Romania, and Stalin could not forgive me for that! What is going to happen now? After what happened in the Soviet Union it remains to be seen! But certain conclusions could be drawn after the brutal way the governors in Bucharest responded to my attempt to visit Romania last December. But paradoxically, at first glance their action resulted in a better understanding of our monarchy.

[Valenas] And so did the governors in Bucharest do you a great service last December?

[King Michael] Yes, and that service was beneficially received not only within Romania but abroad as well. After that day the world press began to take a renewed interest in Romania, which had been forgotten by the international mass media. Moreover the foreign press remembered for the first time that we have a constitutional monarchy. Therefore, the ineptness of the governors in Bucharest did a real service to the Romanian constitutional monarchy.

[Valenas] Now that the KGB is no longer what it was and the conservative power in the Soviet Union has entirely collapsed, do you think that under these circumstances the restoration of the monarchy depends solely upon the Romanian people?

[King Michael] I think now that the Russians are too concerned with what is going on at home, where they have enough problems. Moreover the Soviet Union is on the way to dissolution. I wonder whether the USSR still has such a strong influence in the neighboring countries. I could not answer that precisely.

[Valenas] Bessarabia declared its independence recently. How do you view that historic event?

[King Michael] Indeed it is a historic event! I have great admiration for our Bessarabians because they are ours, and let us not forget that! Bessarabia is Romanian soil. The Bessarabians and sincere people in Romania consider Bessarabia what it really is, namely Romanian soil, just as Bucovina, Herta and Bugeac were and are. The Bessarabians have shown very great courage, far greater courage than others, and that, too, under the Russians' nose, if I may so express myself, while in Romania there has been a great silence....

[Valenas] I sense a great sadness in Your Majesty's words.... Did the governors in Bucharest fail to understand this historic moment of Bessarabia's definite break with the USSR?

[King Michael] I would have liked to see a much more clear, courageous, positive and prompt reaction, and not only from the governors but also from the rest of the country. I know there was a demonstration of solidarity with Bessarabia in Bucharest, of which I was very glad. But at the same time I want to see some stronger reactions.

[Valenas] In 1917 Bessarabia declared its independence and four months later it was united with Romania. It is true that Your Majesty's grandfather, King Ferdinand, was chief of state then. Do you think a repetition of that process is possible?

[Michael] I think the possibility exists, but the situation is not quite the same. In 1917-1918 Russia was in a revolution, enabling the Bessarabians to do what they did then. Now there is no revolution and it is a dissolution, but Russia in itself is stronger both economically and politically than it was in 1917. However there are serious problems. President Snegur was right in saying that certain measures must be taken before unification, as in the peasant proverb "Haste makes waste."

[Valenas] And how do you interpret President Snegur's statement? Is it a statement of caution or of realism?

[King Michael] It is cautious but also realistic.

[Valenas] The West is in no hurry to recognize Bessarabia. Meanwhile it has recognized the Baltic countries. I recalled that Lithuania proclaimed its independence a year and a half ago and it took the West all this time to recognize it. Do you think something similar will happen to Bessarabia?

[King Michael] There are two problems here. On the one hand, the West still seems afraid of what is left of the Soviet Union, on the other hand the West is either overlooking or pretending to overlook the secret clause in the Ribbentrop-Molotov Pact whereby Bessarabia, Herta and Northern Bucovina were lumped with the Baltic countries. There is a lot of indignation about the Baltic countries, while nothing is mentioned about Bessarabia! I think it is a crying injustice to us and the Romanian people. I could not say when the West will wake up. On 23 August 1991 I sent President Bush a telegram in which I reminded him that it was on 23 August 1939 that the Ribbentrop-Molotov Pact had been signed. The telegram was occasioned by President Bush's declaration of 23 August 1991 concerning the Baltic countries. President Bush did not say a word about Bessarabia, and I still have not received any reply from the American President.

[Valenas] Have you raised the question of recognizing Bessarabia in your recent political interviews, including the one in France?

[King Michael] I lose no opportunity to raise that question wherever I can, and not only here but also in the United States, where I was recently. There is no doubt whatever about that!

[Valenas] And what have you observed on the part of your interviewers?

[King Michael] There are reactions, I won't say frightened, but in any case reserved. They say, "Yes, it is so, but we cannot say anything for the moment...." I always try to awaken them a little to the reality. Let us hope that they will heed us!

[Valenas] Officially now neither Romania nor Bessarabia borders on the USSR any more, but on the Ukraine. Do we have a chance to recover our ancient territories that are parts of the Ukraine through negotiations with that state?

[Michael] There are two contradictory reports about that question. It was stated that there will be no changes whatever in the border between the republics, but on the other hand it seems, and I say it seems, because we have no official confirmation at all, and so it seems that the president of the Ukraine said that discussions are possible concerning certain changes in the border. And so in other words he meant that he would have no objection at all if Bessarabia in its territorial entirety and Northern Bucovina were to revert to Romania. But that stand has still not been confirmed.

[Valenas] But do you think the Ukraine could give up Southern Bessarabia, at the mouths of the Danube? Actually it is a strategically important area.

[King Michael] Of course it is a strategically important area! I cannot speak now about the Ukrainians' intentions, but I am concerned about the organized diversion in the present Southern Bessarabia, the one with the borders drawn by Stalin. There has been nonsense there for a long time, but I remember that there was no problem with them at all during my reign. This diversion was deliberately made in order to confuse matters.

[Valenas] Your Majesty, you are king of the Romanians, but how do you feel now that you have become, in a way, king of two Romanian countries, Romania and Bessarabia?

[King Michael] I am king of the Romanians regardless of where they may live. The "idea" that Bessarabia will be another Romanian state has been dispelled! I think it is impossible for two Romanian states to exist! Romania is one whole!

[Valenas] Have you thought of visiting Bessarabia?

[King Michael] I have already been asked that question, and I am giving the same answer that I did a few months ago: I would tread on Bessarabian soil again with the greatest pleasure! But a more favorable time must be sought. The situation is clearly quite different now, and there is a possibility of that visit. But the proposal must come from them. I cannot say, "Get ready, I am coming." We should ask them....

[Valenas] Now, nine months after Your Majesty's brutal expulsion from Romania on Christmas day, how do you explain the reasons for the violent action of the governors in Bucharest?

[King Michael] I think it is very simple. Despite the communist propaganda, especially in the last few years, a great many youths, students and intellectuals have awakened and begun to reconsider both the monarchy and me personally. I am almost certain that if I had managed to stay there, even if for 24 hours, a crowd of people would have gathered around me in order to talk with me and to see me.... But I think that is a great danger for the government in Bucharest! And I think that is why it reacted so brutally.

[Valenas] There are clearly two poles of power in Romania, closely interrelated to be sure, and very dependent on each other, but nevertheless two poles, namely President Iliescu and Prime Minister Roman. For which of them is the monarchic solution harder to digest?

[King Michael] I do not think the idea of the monarchy is acceptable to either of them! At least that is what I gathered from their statements.

[Valenas] In Romania people are misinformed about the role of a modern constitutional sovereign. What does a monarch in the Europe of 1991 actually do?

[King Michael] The possible answer to that is very broad, if I may say so. But the most recent and most cogent example is the situation in Spain. When King Juan Carlos came to the throne it was believed that he would last two to three months, but it will soon be two decades that he has been sovereign of Spain. But if he had not been there, what would have happened in Spain? In the end, Carillo, the leader of the Spanish Communists, publicly apologized for his critical views concerning the monarchy, realizing that King Juan Carlos is the guarantor and motive force of democracy in Spain. Carillo realized that all of his previous theories had been false! In Romania the transition from totalitarianism to democracy will be the same as in Spain, with our characteristic Romanian elements, of course. I always stake my stand on our Constitution of 1923. Perhaps that has already become a leitmotif and perhaps some have already tired of hearing the same thing. It is my deep conviction that that Constitution would be a great advantage to Romania, and the old Constitution defines my prerogatives very clearly. I am more restricted than any chief of state in the world at the present time. Therefore people should read that Constitution in order to know exactly what the monarchy in Romania can do.

[Valenas] But why wasn't the 1923 Constitution reinstated immediately, on 22 December 1989, when on the contrary it was preferred to maintain the 1965 Constitution of Ceausescu's.

[King Michael] Don't ask me. The governors in Bucharest should answer that question. They probably wanted

to maintain the old structures. As I said, in Romania the road to democracy bogged down somewhere halfway.

[Valenas] Since you have mentioned Spain, there are also many in Romania who sympathize with the Left and perhaps even with the communist Left. In any case there were about 4 million members of the Communist Party in Romania, and we had a great many party activists, a great many informers, and a great many workers in the services of the Securitate. Persistent rumors were started in Romania to the effect that Your Majesty's return to the throne would lead to reprisals against the Communists, who after all are the ones who drove you out of your own country in both 1947 and 1990. What truth is there in those rumors?

[King Michael] As I have already stated before and as I go on stating, there were indeed about 4 million party members. They were accordingly carrying cards, but that does not mean that they were also Communists! They had to feed their families and children! Those people were trying to get along in a way. We also had a great many informers and Securitate agents, it is true, but not all of those committed really serious things and not all of them acted voluntarily. Many were coerced or blackmailed into collaborating with the Securitate, and that must be allowed for. Otherwise it would be incorrect. As I have so often said, if God grants that we can return and place the country on its feet, I do not intend to cut off anyone's head! I don't know how many will understand that. Of course, there are those who have done serious things. They are also in the number.... But that is not my province. It is the province of justice to deal with them. I have no right to interfere in matters of justice! But only the monarchy can ensure national reconciliation! Unfortunately there are quite a few hostile feelings among Romanians, and they must disappear! If there is no one to guarantee perfect impartiality, nothing can be done! And that is one of the things that the constitutional monarchy provides for.

[Valenas] At the start we spoke of the interethnic conflicts in Romania. But what is your opinion about the latest diversion "in vogue," namely the denominational conflict between the two Romanian churches, the Orthodox one and the Greek-Catholic one?

[King Michael] Unfortunately our Orthodox Church was inadequate, and I think it is too bad that I have to say so! In Ceausescu's time, the Orthodox Church did not even breathe a word while our churches were being torn down. It is an intolerable thing to passively witness the demolition of one's own churches. And the United Church has the same rights as any creed and accordingly has a right to its churches and to hold its services in freedom, exactly as our Orthodox Church does. That freedom is guaranteed in the 1923 Constitution. To be sure, our Orthodox Church was the state church then, but it seems that the high Orthodox clergy were different from those of today....

[Valenas] If the monarchy is reinstated, what could it do to settle this conflict, however artificial it is?

[King Michael] Yes, it is an artificially provoked conflict that must be settled! Unfortunately, and I hate to say it, there are some in our Orthodox Church who are rather narrow-minded. They do not understand something important, namely that belief in God is not just for the Orthodox. It is not their prerogative but exists for everyone, whether they are Orthodox, Reformed or Jewish. He is the same God to whom we all pray. Therefore, everyone must be free to practice his faith. Those things must be reinstated as soon as possible!

[Valenas] And so do you think the Romanian Orthodox Church is in this state that we all regret solely because of its bishops?

[King Michael] To all appearances, it would be something like that! I hate to say it.

[Valenas] Your Majesty, let us go on to an entirely different question: How do you explain the personality cult fostered in Romania on behalf of Marshal Antonescu, a cult that seems totally exaggerated to me personally?

[King Michael] That cult began back in Ceausescu's time and it is no "achievement" of the revolution. I am certain, absolutely certain, that it is not a matter of a cult on behalf of Marshal Antonescu but of a maneuver against me, alleging that I am a traitor to my country and that I murdered him.... Those are mere fables. Although personally I didn't get along very well with Antonescu, neither did I make any secret of those disagreements, and asserting what was said about me on that basis is not only wrong but a great lie! Despite Antonescu's big mistakes, I always thought he was a good Romanian and a patriot! But he was wrong about political alliances. We all agreed on recovery of Bessarabia and Bucovina, but we had no business in the depths of Russia or at Stalingrad! That is certain.

[Valenas] Relatively recently Rumulus Vulpescu, a senator of the National Salvation Front, asserted in the Senate of Romania that Your Majesty is actually the leading communist staffer in the country, that you established communism in Romania, and that therefore you should be tried for those things. What is your opinion of that shocking statement?

[King Michael] That Stalin drove me out of the country as the leading staffer?

[Valenas] But what is your opinion of the "accusations" made by journals like ROMANIA MARE concerning Your Majesty's "German nationality"?

[King Michael] Everyone knows that our family came from Germany. But the British royal family also came from Germany (House of Hanover—Editor's Note) as well as almost all the reigning families in Europe. But from there to saying that I am a German or even that I

don't even know Romanian is a very long way. I don't know how to qualify such aberrations.

[Valenas] The same journal has also "accused" you (if it can be considered an accusation) of having five daughters?! That brings us to another question, that of the succession to the throne. Accordingly, Your Majesty, how do you view the question of succession?

[King Michael] As I have repeatedly said, the Salic law is a discrimination against women, and at the end of the 20th century it is inconceivable! Just recently we have had the example of Belgium, where abrogation of the Salic law is being discussed now on the ground that it is unconstitutional, and the same thing should be done in Romania. Today women are absolutely equal to men! I see no justification at all for treating them as second-class persons.

[Valenas] Your Majesty, from the standpoint of legality, how do you regard the question of a return of the constitutional monarchy to Romania? Should it be through a referendum or should it be purely and simply reinstated by considering the Act of 30 December null and void (as it was)? Or should it be reinstated with subsequent organization of a referendum?

[King Michael] I think it would be a great injustice both to Romania and to the people to hold a referendum now, when the Romanians do not know what they would be voting for. First they must know the monarchy and see, not only theoretically but also practically, what our constitutional monarchy is. But for that purpose we should return to Romania and begin to work, and after a time that cannot be specified now, say six months, a year or two years, people will declare themselves upon observing the difference from the former system. For there will be a differences! Then the people can be consulted. But now? So that we will see other manipulations and other falsifications of results? It would be useless.

[Valenas] Speaking of manipulations, do you think the next elections, the administrative ones planned for this

year, and the legislative ones next year, will be free, or will the situation of 20 May last year be repeated?

[King Michael] Viewing it dispassionately, any more or less dictatorial regime must necessarily manipulate, because otherwise it loses its position. It is hard to tell now whether this year's and next year's elections will be falsified.

[Valenas] Do very many people believe that the National Salvation Front, Petre Roman, and Ion Iliescu do not even entertain the idea that they might give up power? How do you feel about it.

[King Michael] It is possible. I recently heard a statement by Prime Minister Roman: "I am not leaving"!?? I don't know what such a statement can prove....

[Valenas] Such a statement annuls any idea of a democracy from the start.

[King Michael] In any democratic country in the world, the government would have had to leave at least 10 times after all the demonstrations that have occurred in Romania.... But it is still there.

[Valenas] If the monarchy is reinstated and then a referendum is organized after a certain period, will you accept any result?

[King Michael] Yes, that's what being democratic means.

[Valenas] Your Majesty, I am asking you a final question. Are you optimistic about our country's future?

[King Michael] About the immediate future, no! Winter is coming, and there will be food queues and perhaps a shortage of heat. In the somewhat longer term, certainly! The misery in Romania now cannot last forever! Something has to change. We all pray that God may grant it!

[Valenas] Allow me, Your Majesty, to thank you for the particular kindness you have shown in granting us this interview!

Coup Within JNA Leadership Described
92BA0079C Zagreb VJESNIK in Serbo-Croatian
 17 Oct 91 p 9

[Article by Vojko Slojevic: "A Coup Within the Top Military Leadership"]

[Text] There is no longer any doubt whatsoever: The top military leadership no longer has any real political compass and is ready at any moment to use all possible means against Croatia and anyone who would take the side of freedom and development of Croatian democracy. At this point, one can speak reliably about what the top military leadership actually wants on the basis of military groupings, offensive actions, blockades of cities, and maneuvers of units of the Croatian Army, which are by and large clear, on the basis of its incorporation of Chetnik and Serb rebel units into its own military system, but also on the basis of the blackmail to which the Croatian negotiations and European observers have been subjected in the attempt to establish the agreed cease-fire. That the Army is not giving even a thought to a truce and permanent establishment of peace under a politically civilized agreement is evident not only from the tragedy of the humanitarian convoy headed for Vukovar, but also from the manner in which every other obligation to establish a cease-fire on Croatian territory has been perfidiously evaded. The departure of the occupying army from Croatia is not something that is near at hand at all. Why?

Serbia Has Taken Over the Army

The very simple, pragmatic, and truthful answer to that question is this: A kind of coup has been carried out even within the top military leadership, so that the actual command in the so-called JNA [Yugoslav People's Army] has been taken over by military-political strategists, the authors of the communist ideological paradigm which at this point the Army is trying to use to cover its unambiguous base in Serbian expansionism. That is, judging by the confidential message which General Aleksandar Vasiljevic, chief of the Army Counterintelligence Service, sent into negligent hands, the line of command in the occupying army no longer passes through the commanders of military districts in the cities. Vasiljevic's direct order reads: "Establish contact only with Kumbor, Slunj, Borovo, Biokovo first, and Avela, these others not at all, Raseta not at all." In answer to the question about the vertical chain of command of the Supreme Command staff, Vasiljevic said: "Adzic, Negovanovic, then comes Veljko, and if Veljko is not available, then me..., and if I am not available, call Toma Simovic; he is Serbia's defense minister, and actually he is responsible for Vukovar. For Vukovar and down below on the Adriatic...."

The last instruction utterly exposes what the democratic political public has been warning about on the basis of numerous indications and facts. Without any doubt, the Republic of Serbia has taken over the so-called JNA and in the most formal sense has taken over command of the

former federal army. As for Vukovar, it is clear, then, why neither the humanitarian convoy nor the cease-fire could get through eastern Slavonia. The frightful mind of the Serbian general expresses this still more directly in this fashion: "What do you mean, truce? What has come over you? There is no truce, there is no truce, I said. You can sign one, but behave as though nothing happened, think something up. Fuck it. You have those para-troopers there, dress them up in Ustasha uniforms and attack the reserves.... Who cares about casualties! Just don't, don't, mess up down there. Casualties, casualties are not important. There are plenty of us Serbs.... About Slavonia? I said we are headed for Osijek, because we have to straighten that out. I told him there in Laslovo, and he has a free hand. And Simovic has a free hand, and Spirkovski would like to have. I told them, strike wherever you can, little children, pals, it does not matter. Vukovar must fall, stone, city, and God's...."

The Army directly assigned responsibility for the urgent needs of invasion and landing to Zvonko Jurjevic, commander of the Air Force and Air Defense, or Boze Stevanovic, his chief of staff, and in view of the problems at the Bihac airfield ("they are diddling me around there, they won't fly..."), Vasiljevic prepared a decision which was already tried last week without much thought: "We will organize attacks on the airfield, which might cost some lives, and after that we will attack one of the Ustasha villages like Vojko.... It is not your concern that that is a war crime, that is not your concern at all, this is a reprisal, we are at war.... Then we will fabricate attacks on Banja Luka, Bihac, the airfield, and on Mostar, the Marshal's place, there should be a mess, and then the command of the 5th Military District.... And they want me to attack Banski Dvori once again, I have been given orders, the planes will be available, and they will be there, and then supposedly we are preparing to sign some truce during which we will peel off Vukovar, first Vukovar, then all the other cities. Dubrovnik, we will block them off, they will not budge, they will not budge! And if anyone lodges a complaint, what can I do about it? Bury him. Don't worry, fuck them. We will say they did it themselves. And I think that Mile Bajic would be the best for the assassination."

In an encounter with such a criminal mind, a reasonable man is left horrified, to say the very least. But if anything is certain in this hell which has been imposed on Croatia, then it is the fact that the criminals who have taken over command of the great military potential—in pursuit of the objective of Serbian expansionism and with the most beastly methods of attaining that objective—will not shrink from an attempt to carry out the threat, already announced as an ultimatum, of attacking all vital facilities in Croatia. When that ultimatum was made public, it was said that attacks on important facilities would ensue because the Croatian Army was holding the garrisons under a blockade. But now that the process of removing the blockade from the garrisons is under way, the occupier is not only stepping up actions on the battlefields, but the plan for the so-called final showdown with

Croatia is also clear. That plan includes an attack on the city of Zagreb, and that means the television tower, the television building, the Parliament, the cathedral, the gas plant, and the heating plant. They will spare the petroleum terminals, because they need the petroleum, so they only intend to plunder them. But, unfortunately, that is still not the complete list of the threats and criminal reprisals that have been prepared because of the occupier's hopeless military and political position in the war against the Croatian people and its right to freedom. In answer to the question—And what then, fly to Pag?—Vasiljevic replied: "Well, Pag is...the 11th, the 18th, the 19th, the 10th of October, then we will take care of them. Perhaps even earlier, but I do not believe so, I do not believe earlier, then we will rig something up, it will not be difficult."

The General's Hankerings

Vasiljevic is actually a specialist in the dirty side of the war, and that is what he really likes to talk about: "Then we will undertake assassinations against the Economic Community and against some of our people who have not behaved well at all, and there are some.... And then we will remove the families of our officers and announce that they have been kidnapped, murdered, or whatever you like, that they have vanished to parts unknown.... Then a few snipers, a few bombs, then plant bombs on the Serbs. We even have our people in the HSP [Croatian Rights Party].... It will be a madhouse in Zagreb. After that, sabotage in Ljubljana. On those trains of ours there and then add a little bit so that it all goes up, including the settlement, and say that the Slovenes caused it."

After all of these insane plans, it does not seem unlikely in the least to hear the general's hankerings: "Let us get together in that Sesvete of theirs, on Ban Jelacic Square, for a spritzer. When we have stripped everything to the bare walls. Just strip, no questions asked, I told you, don't ask, just strip everything, strip, strip. I want to see Zagreb without any city center. When the time comes, set fire to it...." The answer to this was: "Absolutely. Fine! Which poisons to send?"

In another conversation, Vasiljevic again makes the insane declaration: "We have plans for the Zitnjak Heating Plant, the Zagorska Heating Plant, we have the gas plant, what else do we have, we have the Procko Gas Plant, we have the new television station, we have that Mimara Museum, we have the cathedral, that should be taken out. It is good to take that out from the air, after you take out that, then do just a bit more work, then Saint Mark's Square, the Upper City, and the Center have to disappear. Hospitals and schools, that would be all!" Asked if it really had to be that way, the general's insanity retorted: "Like that, and not a bit different! Do as you like, I tell you to take care that this must be done before the 17th. In the meantime, strike Sisak and everything around. Let everyone around Zagreb die of fright! In the meantime, you can have a few alerts, but don't attack until we are ready. In the meantime, send your reservists into settlements, you know where. Break

into the empty houses, set fire to one or two houses or apartments, send in snipers, that will take care of it."

The worst possible version of unleashed bolshevik insanity is no longer smoldering, but is actually destroying the political space of Yugoslavia right and left. As was lucidly announced at one time, the bloodiest pages in the history of the nationalities that live on this soil are actually being written by powerful generals who are unbalanced and have crazy ideological ideas. Nothing is sacred to them, not even the Serbs whose flesh they are actually feeding on. After all, the horrifying visions of the devastations of war offered by the general's plans for conquest are heedless of casualties, just as Adzic at one time said in the most public fashion.

As we were informed in yesterday's issue of VJESNIK, the dogmatists also have their own political calculations in all of this and those who have been blinded obviously are counting on certain forces in the former structures of the Eastern bloc, in the Soviet Union and Romania. They even involve the federal prime minister Markovic in that. Here is that passage: "What do we have to capture?" they asked Vasiljevic.

"Cavtat in Serbia"

"We have to capture the Adriatic. We have received from the Soviet Union that they will call or will present to Tudjman a demand for cessation of activities on this territory and the hinterland of Zadar.... We have received from the Soviet Union even, Markovic will present to Tudjman the demand to cease activities in this territory, the hinterland of Zadar."

"No shit! Is it possible?"

"Sure, what's the matter with you? So he will talk that way, he will persuade Serbia.... Markovic has hinted to Serbia that it cease activities, stop the war, and in return Tudjman will open up an outlet to the sea for Serbia, but this guy Markovic said that was not honest."

"So what then?"

"So then, bye-bye Yugoslavia, then we will really go after him and remove him. That is the way it is in politics."

"I don't believe in all that...."

"What's your problem? Gorbachev will have to be grateful to have an outlet to the sea like Rome."

"I am not sure how I want it to work out. I passed through Danilovgrad, and those poor Romanians, I can only guess."

"So what if you do not believe it. I have it in writing, signed, an international agreement in which Serbia grants an outlet to the sea. There is no doubt about this at all. Serbia is giving Russia and Romania an outlet to the sea and to the Mediterranean. I have an aeronautical

chart on which the city of Cavtat has been included in Serbia, and Dubrovnik is perhaps a free city under military administration."

Obviously, even some of the manipulated officers, many of whom still think they are waging war in the name of some ideal Yugoslavia, the large numbers of Serbian volunteers, a people manipulated by the cartography of Serbian expansionism, the lie of an ideology that is above nationalities—all of this has now been yoked up into just one desperate plan to build an expanded Serbia, that is, to take revenge and inflict destruction all over Croatia. The list of the leading figures of that top military leadership after the coup was carried out, not only in the state, but also within the so-called JNA, reveals in whose interests all of this was planned. The political ambitions of the generals and their desire to rule once again proved to be the worst evil for the nationalities and their destiny.

Former Vukovar Commander on Accusations

92BA0082A Zagreb DANAS in Serbo-Croatian 8 Oct 91
pp 18-19

[Interview with Tomislav Mercep, former Vukovar commander and present Internal Affairs adviser, by Igor Cumandra and Srdjan Spanovic at Zagreb Trade Fair; date not given: "Vukovar's Napoleon"—first paragraph is DANAS introduction]

[Text] The former strong man of Vukovar—now an MUP [Ministry of Internal Affairs] advisor—responds to charges that he profited from the resale of arms and that he murdered Vukovar Serbs.

The high praise for Tomislav Mercep with regard to the organization of the defense of Vukovar was followed by numerous accusations. From a hero and virtuoso of tactical defense, Mercep has become almost the most roundly assailed person in Croatia. Rumors are circulating concerning his involvement in black market trading in arms and wartime profiteering, an unwarrantable massacre of Serbs in Vukovar, and concerning ties with individuals in the Croatian government whose names are mentioned in connection with black marketeering in arms, intended not for the defense of Croatia, but primarily for their own profit.

In the wake of these stories, Tomislav Mercep was transferred—under a decision by the supreme command—from Vukovar to Zagreb, to the Ministry of Internal Affairs, and subsequently his trail is lost on the Croatian battlefields. From Gospić and Lika, where he is fighting with his hand-picked team, come news of victories and the displacement of Serbian terrorist mercenary and military forces.

Having learned that Mercep will be in Zagreb for a short time, we waited for him at the Zagreb Trade Fair, in the "Style '92" coffee shop, the preferred meeting place of Croatian soldiers after returning from the front. His

close associates, who were also waiting for him, maintained that we would definitely not get an interview from him. Our stubbornness paid off. Mercep arrived relaxed and contented, like an army commander returning from a victorious battle. We were surprised by his size, which was more reminiscent of Napoleon than of Rambo. In keeping with this, he spoke like a true soldier, responding succinctly and concretely, without ambiguity.

[DANAS] Besides President Tudjman, you are clearly among the most roundly assailed people in Croatia at the moment. You are spared by neither the Croatian nor the Serbian media. Why do you not respond to these attacks?

[Mercep] I am not being attacked in Croatia. Only one newspaper has attacked me. That was SLOBODNI TJEDNIK, but in the meantime they have corrected their position.

[DANAS] How do you explain the fact that in the wake of rumors and attacks, you were appointed as an aide to the Ministry of Internal Affairs, as reported in the newspapers?

[Mercep] I do not know why the newspapers ran that story when I was appointed as advisor to the Ministry of Internal Affairs.

[DANAS] Despite the function assigned to you, it is obvious that you are in fact performing the majority of your job on the battlefield.

[Mercep] I am in the field because people believe in me and because I can state with certainty that wherever I go I will rectify the existing situation.

[DANAS] What were you doing before you became involved in the business of defense?

[Mercep] I was a civil engineer. I have no special military training or military knowledge. But a man learns as long as he is alive, and I acquired military knowledge based on the circumstances. What I learned can be seen in Vukovar.... I was transferred to Gospić, and the results have been seen there. I am leaving for Pakrac, and results will also be seen there, while some of my people are going to Vukovar.

[DANAS] You have said nothing about the charges that you have profited from acquisition of arms.

[Mercep] I have never been the key man in the acquisition of arms. All the secretaries for national defense in Slavonia and Baranya collected 600 to 700 German marks [DM] a piece from individuals and paid that in to the Ministry of Defense.

Weaponry was procured through Slavonski Brod. I myself was involved in that, but we had to wait a little longer for the weaponry, a full two months to be exact, but the weaponry arrive nonetheless. It arrived at the right time. The arms that Vukovar received for defense were essentially the ones that the people themselves paid for. It is impossible for there to be any alienation or

black marketeering here. Because when one pays DM600 to DM700, one expects to receive weapons.

[DANAS] The Belgrade media, but also certain Croatian political circles, are charging that you are responsible for the slaughter of Serbs in Vukovar. Is this true?

[Mercep] I never ordered any type of massacre. In the war, however, I simply ordered that enemies be fired upon. If someone thinks that in this way I ordered the killing of Serbs, then I did so with particular satisfaction.

[DANAS] This charge does not relate to combat orders, but rather to the murder of people in Vukovar outside of combat formations.

[Mercep] That could simply relate to cleaning up the city. We disarmed people and if someone fired on us, then we also fired on them.

[DANAS] Despite the charges, it is fact that there are a large number of Serbs among the defenders of Vukovar. How do you explain that?

[Mercep] I was popular among Serbs, Ruthenians, Hungarians.... Serbs were among the first to join my Guard. They saw that we are fighting for an honorable cause, that we are not attacking, not fighting for someone else's cause, but rather for our own. Even a Serb could receive permission from me to leave the city, as long as he did not have a weapon. If he did, he would be arrested, and proceedings would be initiated against him like against anyone else.

[DANAS] You gave the order stipulating that any citizen of Vukovar who did not return to his city by a certain date would be regarded as a traitor. Do you think that there was any purpose to that order, and that it yielded results?

[Mercep] When the commissioner of the government of the Republic of Croatia for Vukovar called upon the population to abandon the city, under the circumstances I had to keep the people from leaving. Afterwards, as secretary of the Secretariat for National Defense, I issued the order that any army conscript who did not respond to the callup would be regarded as a traitor.

[DANAS] How do you explain your military success, given the fact that you are not a military professional?

[Mercep] By the fact that I have always been an honest man and that I have always been at the head of the column when we have defended our street, our city. Also deserving credit for this are my wonderful collaborators from Vukovar—Mirko Nikolasevic, Blago Zadro, Damjana, Zlatko....

In Vukovar, I organized the defense according to the principle of territorial defense, based on local communities, and that worked out well. No successful defense is possible without an armed people. We also carried out a cleanup of the local community of Luzac. We first issued a warning that all weapons must be returned. Since the

weapons were not returned, we cleaned out that local community. I believe that I have been principled in everything, and that that is the secret of my success.

[DANAS] Are there people among your closest collaborators right now who have military knowledge?

[Mercep] My team comprises people who have no specialized military knowledge, but who are true fighters.

[DANAS] What is your opinion of the fact that former officers of the Federal Army who have come over to the Croatian side are being put in charge of the defense of cities and certain regions in Croatia?

[Mercep] I do not split Croatia up into Communists, fascists, and HDZ [Croatian Democratic Community] supporters. I split people up according to whether or not they know something. However, these gentlemen who assume various posts immediately after leaving the Yugoslav Army may be professionals, but they cannot have as much love for this Croatian order as I do.

In the end, I have the most confidence in those of us who were never in any sort of organization under the former regime. I am not rejecting their help, but I think that we must rely most of all on people who have gotten into this based on conviction. This is not a war that can be fought frontally, because we are not strong enough technologically and in terms of weaponry. For that reason, we must use people who do not want to be part of large formations, but rather part of small units, ready to retreat at the right time while inflicting major casualties on the enemy.

[DANAS] After its major successes—the capture of barracks and of weapon stockpiles, the formation of new units—why has Croatia suddenly found itself in a situation where we are seeing the fall, practically without a fight, of Banija, Drnis...?

[Mercep] Croatian defense has taken the wrong course. Defense has been passive in nature, an underground defense, as some people say. I maintain that many cities were simply abandoned to the enemy, the people were moved out, and there was no defense. Obvious proof of this can be seen in Gospic, Drnis, and now Zadar as well. What is needed is to move towards active resistance and to defend Zadar from Benkovac, and not from Zadar. I clearly believe that a loss of territory is not irreversible.

[DANAS] Do you think that coexistence is possible in Croatia after this war?

[Mercep] I did not even believe in coexistence five months ago, and today I am certain that there will never again be coexistence.

Vukovar Official on Mistakes on City's Defense

92BA0082B Zagreb DANAS in Serbo-Croatian 8 Oct 91
pp 16-18

[Interview with Petar Bosnjakovic, assistant commissioner for Vukovar opstina, by Jelena Lovric; place and date not given: "The People Are Not Genocidal"—first paragraph is DANAS introduction]

[Text] The assistant commissioner for Vukovar opstina talks about how that city is already almost deserted, about the charges against Mercep, which have already arrived at the door of the Croatian government, about the strength of ordinary people, and about Serbs who have remained with the defenders of the city.

Lately, a good-natured man—about whom his friends say that he is the last person who they would have thought would join the war—has been attempting in Zagreb to organize volunteer units for Vukovar. With a wallet full of hard cash he is looking for uniforms and weapons for those who seem to have been merely waiting for someone to call on them.

Petar Bosnjakovic, the assistant commissioner for Vukovar opstina, tells us that the idea of appealing primarily to Vukovarians to come to the aid of Vukovar occurred to him somewhere on the road between two Zagreb institutions that today are as inert as in peacetime, while alarming reports have come from the field about how the other side is getting waves of reinforcements from Serbia.

Nevertheless, the Vukovar fighters needed fresh troops, which are not available in that area because it has been completely caught up in the fighting during that time. Over the course of two days more than 350 volunteers reported from all regions: from Istria, Dalmatia, Zagorje, and Bosnia, but the majority from the area of Vukovar, Vinkovci, Osijek, and the surrounding villages. It is no easy task to clothe and arm them. Quite simply, Bosnjakovic tells us, at the same time that the war was escalating, we found ourselves in a situation where there were not enough uniforms. There were also problems with weapons. We have tried to arm people, but we have achieved only partial success in this. We have yet to solve this problem for a large number, he says.

[Lovric] Does that mean that Croatia has no weapons? What have you been told? The commanders of some regional defense forces are somewhat critical of the way in which weapons are being distributed from Zagreb. You have mentioned that at one point Becic told you that there are no weapons, and that Vukovar will fall anyway.

[Bosnjakovic] That was a pessimistic prognosis by him, not that Vukovar will fall, but rather that it will not hold out. We did not entertain such thoughts, and we showed that we were right; although in war you never know. Especially since Vukovar has in fact been left to its own devices.

[Lovric] You told me that you yourself are financing the defense of Vukovar. Is it true that the funds with which you are buying uniforms—and weapons as well—come from three private businessmen in Vukovar?

[Bosnjakovic] I would not say private businessmen, but this is being financed by three of the stronger, more wealthy people. But everyone is helping to a certain extent, as much as they can. Vukovar has been defended for all this time thanks precisely to the help of those who were born and raised here. We organized ourselves in the knowledge that all systems, and especially state institutions, are in a certain sense very sluggish. In view of this, many people became convinced that Vukovar cannot and would not hold out, and that weapons should be sent to places where there were better prospects. And it is hard to get weapons simply because there aren't any.

The war has escalated and, regardless of the cease-fire on paper, it is difficult to halt it. At this point it has its own momentum. The war has its own life. It is turning out that those who sign the cease-fires, regardless of which side they are on, are not in a position to monitor them. The commands of units in the field are acting autonomously, especially where there are a large number of reservists. It is hard to control them; they simply turn a deaf ear to orders. But not everyone in the Croatian armed forces is disciplined either. Sources of information say that firing has opened up from the barracks. But no one ever says what the cause of this was: Was the gunfire provoked, or did, say, reservists fire from the barracks in order to provoke?

[Lovric] According to the news media here, the Croatian side never violates the cease-fire. Do you have knowledge to the contrary from the Vukovar region?

[Bosnjakovic] Such cases occurred in the Vukovar area prior to the establishment of an organized way of defending the city. But after all, we are in a special position. The situation was like this: We sat down at the commander's quarters, and all 10 or 11 of us involved in the fighting agreed that there would be no provocation from either side, peace and quiet, and then suddenly multibarrel rocket launchers began firing across the Danube, from the Backa side.

[Lovric] Who is defending Vukovar now?

[Bosnjakovic] Vukovar is being defended by everyone who is there. That means forces of the Zbor Guard, regular and reserve units, members of the MUP [Ministry of Internal Affairs], citizens. Meaning all the citizens. The Croats, Serbs, and Hungarians in Vukovar are all together. There are examples here that must be emphasized. It disturbs me that people are silent about the fact that there are Serbs in Vukovar who are together with us in our encirclement. It is not true that Vukovar is being defended only by some. It is a fact that the vast majority of the defenders are Croats, but there are Serbs who feel that this is their home, who have drawn a line on the ground and said, "This is my house, my threshold, I have been here for five, six, 10 generations, I am not a

guest, and I will never go." The Zbor Guard includes Serbs, Hungarians, Ruthenians.... Because Vukovar is a special city; there are 23 nations and nationalities living there. Of the 85,000 inhabitants, around 37,000 are Croats, and slightly fewer are Serbs. Vukovar has more than 7,000 mixed marriages. But to me personally, even worse than the silence about this is the fact that as the war has become more and more bloody and brutal, it is only the ordinary people who are being left behind in Vukovar. All those who beat their big Croatian breast, their big Serbian breast—they were among the first to leave us. The ordinary people are the ones left, and that is what gives people the strength to carry on.

[Lovric] Is it true that the commander of the Vukovar defense is a Serb?

[Bosnjakovic] I have not asked him what his nationality is. I know his name, Mile, a lieutenant colonel who left the Army. We sought out professionals because we felt that the encircled position of Vukovar is such that only an expert could come up with an adequate organization for defense. I think that he has earned the confidence of all the citizens who still live there and who simply do not want to leave.

[Lovric] Of the 85,000 inhabitants that you say Vukovar had, how many are left?

[Bosnjakovic] It is hard to say, but I think that there are around 15,000 left.

[Lovric] Have you estimated the number of casualties?

[Bosnjakovic] Prior to the escalation of the fighting 20 days ago, it was still possible to do so. I do not know what the sad record is today. Unfortunately, there have been plenty of casualties, many more among civilians than among members of the armed forces.

[Lovric] Is it true that there are so many casualties that it is no longer possible to bury them all?

[Bosnjakovic] No, that is not true in Vukovar. Perhaps that is the interpretation given to the fact that the dead cannot be buried until the shelling dies down. And in recent times, that has lasted for days.

[Lovric] And shells fall on the chapel where the dead are taken temporarily? As well as on the Vukovar cemetery?

[Bosnjakovic] That has indeed happened. It is hard to say whether the chapel where the dead awaited burial was deliberately targeted by the shells. But I am among those who believe that this was done intentionally.

[Lovric] Vukovar and its defense are often equated in public opinion with Tomislav Mercep. However, a completely different view was expressed a little more than a month ago by the commissioner of the Croatian government for Vukovar opstina, who is also a member of the HDZ [Croatian Democratic Community], in a letter that went out to the highest levels of the Croatian government. It states that Mercep is "surrounded by people of

dubious moral and professional character, former criminals, that he has taken complete control over everything in Vukovar opstina," that his "current policy has created a serious psychosis of fear among the Croatian and Serbian population," and that "the Croatian population does not excuse such behavior, feels defamed and compromised, and does not wish to bear further responsibility for this policy."

[Bosnjakovic] Perhaps this is not the time or place to talk about that. Once this has all drawn to a close some day, I believe that the competent institutions will provide a definite assessment of all this. Despite the fact that many people believe that it is the victors who write history and that the truth will lie in the hands of those who come to power, I believe that our children, the future generation, will be better able to pass judgment on what we are doing today. Mercep was the chairman of the winning party in Vukovar. The problems began with his appointment as secretary of the Secretariat for National Defense. In Vukovar, we jointly decided that he would be more useful working on other jobs and in another field. Time will tell whether or not we were right.

[Lovric] I ask you this because Mercep is seen by the public as a hero of the Vukovar war, and as far as I know he did not leave Vukovar in that light. The confidential letter by the government commissioner states that when he overstepped his bounds, he was spontaneously and forcibly replaced, because it was obvious that he was leading the city down the road of general catastrophe. It also states that after intervention by Manolic he was moved to Zagreb, allegedly to become an assistant to the minister of internal affairs, which was also officially announced.

[Bosnjakovic] I am no expert in questions of defense, and I would leave it up to military specialists to assess what kind of organization of defense was in place when Mercep left, especially compared to what is in place today. I think that that was a problem of the overall organization and strategy of Croatian defense. What happened was that all of a sudden, those who regarded themselves as capable of organizing defense were given the opportunity, the authority to do so. Regardless of their qualifications and abilities. Thus, it comes as no surprise that there was a certain amount of improvisation in our defense. For a time, the plan for defense, from the uppermost levels all the way down to the field, was a seriously weak. Vukovar was no exception.

[Lovric] Leaving aside the question of defense, a number of charges have also been levelled against Mercep in terms of his conduct towards the population. Specifically, the aforementioned letter states that he did not shy away from violent and repressive measures against the citizens of Vukovar—mention is made of unlawful raids on private homes, the looting of homes, the confiscation of private vehicles, forced abductions for questioning, and even executions—all of which created in the city a "general psychosis of fear among the Croatian and Serbian population and resulted in mass flight from the

city, a total blockade of work by the police, the ZNG [Croatian National Guard Unit], and administrative bodies, and general confusion." I am asking you about this not only with regard to Mercep himself, but also in terms of the consequences of such manifestations of arrogant autocracy, which have not been limited to Vukovar.

[Bosnjakovic] There was indeed some of that. I have personally spoken with a number of people who experienced that. I think things were not done in an exemplary fashion, nor in accordance with legal ordinances. But all of this has been recorded, and judgment will be passed on it one day. In the end, the truth will always come out.

[Lovric] You are figuring on the period after the war? Do you think that it is at hand?

[Bosnjakovic] The war is not over. Although there are many in Croatia who tend to maintain that it has already been won. From our experience in Vukovar, we have warned that underestimating the other side brings with it an overestimation of ourselves. Many people are far removed from reality. Whether they are unaware of the continuing technological superiority of the Army or, as is Zagreb, they live far away from the horrors of the war, I do not know. But it is an illusion to contend that the war is drawing to a close because some of the barracks have been captured.

[Lovric] How much are we journalists to blame for that?

[Bosnjakovic] Personally, I have been disappointed most of all by intellectuals, from the election campaign to this very day. But among them—with honorable exceptions—I think that the journalists have contributed a great deal to the current state of affairs. We are in an area penetrated by news media from both belligerents. If you have the opportunity to see the reporting from Croatian and Belgrade television, then you simply have to wonder: Which is the truth? Things are presented in a diametrically opposed manner, and generally they are completely unlike what has really happened. Regardless of propaganda needs, people of letters should act only in the name of the truth. Because sooner or later it will be known anyway. It will be seen that in some matters the people were victims of heavy-handed manipulation. We have returned to the classic situation: Whoever holds a monopoly over information also holds power.

[Lovric] What is happening today on the battlefields is an argument for those who believe that coexistence is no longer possible. You seem to be drawing a different conclusion from the Vukovar perspective?

[Bosnjakovic] Once all this is over, we will be left with a problem that is being contemplated today by who knows how many people: what next, how to find elements of coexistence. That is something that, regardless of the war, should be worked on by all politicians and by everyone interested in the future. We simply cannot enter the modern age in Europe without this, and we do swear that we are a civilized, democratic part of this

continent. But how can we live with people who today are armed to the teeth with hatred? The vast majority of them—and I am talking here about citizens—undertook pluralistic changes with the most honorable of intentions. But they have been placed in a situation where they are an object of manipulation, an instrument of politics, an object of awakened political demons. Everyone in his own pack—where does that lead? It has driven us into the trenches. Unfortunately, the situation now is so strained, the rope has been drawn so taut, that both sides see yielding even a millimeter as defeat. Especially the extreme wings of the parties. But even despite all this, I maintain that it is possible. This may appear to some to be unfounded optimism, but coexistence is not simply a necessity, it is the natural state of things. Anything else is an outrage against nature. Because it is not true that all Serbs and all Croats are genocidal, as is alleged by one side and the other. The people are not genocidal. No people are.

Vukovar today is hell. Even now I cannot believe what I am undergoing there: I count shells from my threshold, I am with people who were in shelters for four days with no bread, there was so little milk for small babies that they were fed only boiled corn that children furtively brought from the fields during breaks in the shelling. There is a bitterness that people will carry inside themselves for the rest of their lives. But when everything is quiet and you are left alone, in the silence, in the darkness, without electricity, when the shelling and firing ends—you suddenly hear a cicada. Nothing else.

Just imagine: In an industrial city, now blanketed by an unnatural, dead silence, all you hear is a cicada—and you simply kill it. You cannot help but kill it. In a situation like that, I thought about how the only thing over which man has no influence whatsoever is what he will be. Whether someone will make the sign of the Catholic or Orthodox cross over him when he is born. But does this really determine his fate? This is not a war between Serbs and Croats, it is a war between two policies. And the people are simply their tools, even though they themselves have suffered most of all. Krleza's statement about the people as pastry dough has never been more true than it is today. A good politician will make them into a cake. Those who do not know how to make bread will at best spoil the dough.

Mistakes of Vukovar Command Discussed

92BA0082C Zagreb DANAS in Serbo-Croatian 8 Oct 91
p 17

["Text" of letter by Marin Vidic-Bili, commissioner of the Republic of Croatia in Vukovar opstina, sent to the president, prime minister, and ministers of defense and internal affairs of the Republic of Croatia: "What Mercep Is To Blame For"]

[Text] The appointment of Tomislav Mercep as secretary of the Opstina Secretariat in Vukovar resulted in a usurpation of power and a concentration of functions in

the hands of one person, those of the chairman of the HDZ [Croatian Democratic Community], as well as in the de facto commandeering of the ZNG [Croatian National Guard Unit], the police, and the civilian institutions of power. Surrounded by people of dubious moral and professional character, former criminals, he took complete control over everything in Vukovar opstina, not shying away from violent and repressive measures against the citizens of Vukovar opstina (unlawful raids on private homes, directing persons seeking shelter to abandoned homes both verbally and in writing, the looting of homes, the confiscation of private vehicles, forced abductions for questioning, and even executions). Through this conduct he has created in the city a general psychosis of fear among the Croatian and Serbian population that has resulted in mass flight from the city, and a total blockade of work by the police, the ZNG, and administrative bodies, and has caused general confusion. Having overstepped his bounds, the spontaneous result was the forcible removal of Tomislav Mercep from the post of secretary of the Opstina Secretariat for National Defense, because it was obvious that this was leading down the road of general catastrophe.... After the intervention of Mr. Manolic, Tomislav Mercep was called back to Zagreb, allegedly to the post of assistant to the minister of internal affairs, which was also announced officially in the public news media. With his departure, he has left behind an extremely confused situation and a vacuum that we have attempted to fill through the formation of a Crisis Staff and through the appointment of people to essential functions, as well as through a redefinition of the responsibilities of the ZNG, police, civilian institutions of power, and parties. Now that this has begun to work, new complications have arisen due to the appointment of incompetent and inept people from Zagreb. Thus, we have seen the dismissal of ZNG commander Stipan Radas, a professional and competent man who inspires confidence and enjoys the support of the commissioner of the government of the Republic of Croatia in Vukovar opstina and the Crisis Staff in Vukovar, and who was put forth by the commander of the 3d Brigade, Lt. Col. Vukovac, the head of the Crisis Staff for Slavonia and Baranya, Franjo Pelic, and the coordinator for Slavonia and Baranya, Mr. Seks. Appointed in his place was Mr. Arbanas, and as his assistant Zadro Blago, people without any qualifications and professional knowledge whatsoever in this region. The appointment-dismissal was carried out without any explanation whatsoever, under the express orders of Minister Bebic. At the recommendation of the Crisis Staff, the commissioner of the government of the Republic of Croatia for Vukovar opstina appointed Prof. Rehak Danijelo to perform the duties of the secretary of the Opstina Secretariat for National Defense, a man who we believe would perform this function professionally. Suddenly we are faced with the decision to appoint Gazo Josip, Mercep's former deputy, who possesses no professional or any other kind of qualities (he has average professional qualifications, and he did not complete his term of military service). Because of this unsettled and

confused situation in Vukovar, we request your intervention, because Vukovar opstina is unmistakably a crisis region in which large-scale armed conflict can occur at any hour, and the city is also practically surrounded. The people appointed are continuing the policy pursued by Tomislav Mercep, and once again the city is being subjected to terror, armed conflict, and provocative gunfire, which can only elicit incalculable consequences. The appointment of Gazo Josip has once again brought with it a blockade of the work of the ZNG, the police, and the institutions of power. The former policy created a serious psychosis of fear among the Croatian and Serbian population. The entire Croatian population does not excuse such behavior and feels defamed and compromised, and does not wish to bear further responsibility for this policy. Since we feel that we are unable to clear up the situation with local forces, we urgently request that you send competent people who will help the legitimate institutions of power to normalize the situation as soon as possible.

Character, Role of Kadijevic Criticized

92BA0082D Zagreb DANAS in Serbo-Croatian 8 Oct 91
pp 22-23

[Article by Ivan Zvonimir Cicak: "Prince of Vampires"—first paragraph is DANAS introduction]

[Text] Will the international community stop this madness, or will it continue to use Kadijevic to destabilize Tudjman, and then get rid of Milosevic as well?

The body of Croatian literature includes a story by author Djura Sudeta, who died at a young age, entitled "Mor." In that story, Sudeta shows metaphorically what happens to people in which love has died. According to Sudeta, a vampire is born from the death of love in man.

Figuratively speaking, is not the present-day situation in what used to be called Yugoslavia the last ball of the vampires?

Completely voided of their lies about their love for the nations of the SFRY, about fraternity and unity, about our common purpose, about the revolutionary ethos and eros, the Yugoslav generals, through this war pursued with bestial hatred, have shown us the face of vampires and the soul of cutthroats. At this ball of people in which all feelings have died, where only a propensity for destruction has survived, Mr. or Comrade Kadijevic is simply playing the role of a prince among equals.

Gen. Veljko Kadijevic has ceased to be an individual. Not because he wanted it this way, and not even because the course of events in the state that used to be called Yugoslavia has made him into a metaphor. Yes, there are people who, against their own will, are made into a metaphor and in this way come to characterize the course of events and occurrences of other people as well. What needs to be established is the extent to which an individual in the course of history can make himself into

a metaphor, and to what extent the overall environment transforms him into a metaphor, which he himself might resist if he were able.

It was not that long ago that all journalists in Croatia, as well as sideline observers, were attempting to confront Kadijevic and Adzic, hoping that perhaps Kadijevic was somewhat different from Adzic, and that in view of this there was a certain amount of conflict within the military leadership. It was even alleged that Kadijevic was under arrest, that he was in conflict with the Serbian generals, that, in a word, he was different.

Kadijevic himself saw to it that such speculation came to naught, through his statement on Belgrade television in which he even attacked several members of the state presidency, especially Prime Minister Ante Markovic, for having knowingly promoted the disintegration of the Army in order to dismember Yugoslavia with greater success.

And that is not the end of it! Exposing his full nature and his long-hidden Greater Serbian soul, Kadijevic went so far as to adopt Seselj's positions, charging the "Ustasha regime" of Croatia with implementing "neo-Nazi" policy threatening Serbs and other nations in this republic, while not forgetting to mention the "imposition" of war on the Federal Army.

However, Gen. Kadijevic did not say anything about the regime in Serbia, just as he said nothing about the mass slaughter inflicted on all of Croatia by his army and by Chetnik extremists jointly, in support of one another. Kadijevic did not tell us in the name of what ideology they carried out massacres from Dalj to Banija, and whether these criminals even have a name.

What Kadijevic did say, however, was that "at this time" it is necessary to take control over crisis regions in order to protect the Serbian nation and liberate members of the Federal Army and their family members.

Kadijevic believes that this goal can be achieved only if "the Ustasha forces are completely destroyed."

If in the past there were any masks and pretexts behind which Kadijevic and his ilk hid, they have now fallen away entirely.

There are no longer any delusions or dilemmas about whether the Federal Army and its commander prefer the tango or the march along the Drina. Still, we must wonder what kind of man this is.

The assessment in irrational articles that have lately inundated the Croatian press to the effect that Kadijevic and all his generals are psychopaths, madmen, and so on, is unacceptable. Because among the officers who have joined our side as well, there are those who, based on the same criterion, could be called similar names, but they are forgiven simply because they crossed over, which is at the same time the greatest and sole proof of their normality. No, questions about the psychological and human profile of Gen. Veljko Kadijevic are not

prompted by the fact that he himself was born in Croatia, that both his mother and his wife are Croats, that in open letters recently addressed to him members of his immediate family appealed to him to halt the vampire-like barbarism. All those who take these circumstances to heart do not realize that Kadijevic is not only the executor of the barbarism, but also, it appears now, its ideological inspirator. His latest appearance on television removes all doubt and puts things in their proper context.

In contrast to this type of man and general are people from the Barovic family, not only Adm. Vladimir Barovic, who recently met a tragic death, but also Jovan Barovic, the Belgrade lawyer, whom people like Kadijevic murdered 10 years ago for his involvement in the Paromlinski trial, in which he not only saved the life of his client, Djura Perica, and the group of people around him, but also destroyed and exposed an entire system of people who based their lives on premises far removed from the two Barovics. Jovan Barovic was the best man at Veljko Kadijevic's wedding, but they parted ways after the fall of Milovan Djilas, when Jovo Barovic, despite persecution and suffering, assumed the course of a man to whom human rights outweigh the way of thinking held on to by Kadijevic, who within the military structure advanced not as a military professional, but rather as a political figure, holding various, primarily party-moral, political posts. It is precisely in the fact that Kadijevic is not an outstanding soldier in terms of exclusive professionalism, as are, say, Spegelj and Tus, that one must look for reasons that he developed into a man who became an ideological skeleton.

Ideology over profession, socialism over the nation, class over the individual—these are the ways of thinking that have made Kadijevic into one of the main protagonists of our bloody drama. It is precisely from this ideological and political environment, with no regard for the military profession and military doctrine, that generals have emerged who have joined up with the Serbian faction in the Yugoslav Presidency and carried out a military putsch, the screenplay for which was written de facto by Milosevic.

What in fact are Milosevic and the generals around him defending?

No matter how much Milosevic shrouds his activities with stories about the threat to the Serbian nation, the very fact that thousands upon thousands of Serbian youth are being killed on battlefields all over Yugoslavia is proof enough that Kadijevic and the group around him are not interested in Serbian identity, nor Yugoslav identity. Kadijevic is in fact defending the extravagance of a clique that is living high on the hog through the suffering of others and through prime-issue money, which he and his ilk have controlled and appropriated without limit and without plans. When we see today how much weaponry, ammunition, and war materiel there is in military depots, only then do we become aware of how much the so-called Yugoslav Army has sucked the juices

of life from all citizens of all nations, and why our economy and society are in the state they are in. The very fact that the changes in the world order demand that the Army adapt to the world's new democratic and free-market patterns threw the military leadership into a panic, because it realized that in that case its piece of the pie would not be as big as it has been, that under such conditions it would be lucky even to get crumbs. Kadijevic is backed up by tens of thousands of retired military figures who constitute a strong lobby and exert pressure on their younger colleagues in the Army, which accounts for the disproportionately large amount of their pensions and all the benefits that they have enjoyed in the past. The military circle that is well disposed towards putches, to which Milosevic is simply the banner behind which they rally, is so steeped in hatred that they lash out in all directions, killing anyone who is not with them. We repeat: All indications are that Milosevic and Kadijevic will not be satisfied by simply creating a Greater Serbia. They are driven primarily by hatred for everything that is not Serbian, so that the wafer-thin Yugoslav edifice is falling like a house of cards. What clearly bewilders me as a human being is the question of to what extent Kadijevic hates that portion of Croatian blood inside himself that he inherited from his grandmother and mother, and whether the esteemed Gen. Kadijevic lives with his wife, who is also a Croat, in a marriage of hatred or love.

His latest appearance on television, where he repeated the Seselj-memorandum theory about genocidal Croats, lumps him together with the "bastards" who must prove that they are more virulent than others in their radicalism. Is Kadijevic aware that his policy is causing the roof to collapse over the house that he has previously claimed to be building? Has Kadijevic forgotten his colleagues from World War II, with whom he took part in the antifascist resistance movement, believing that he was building a better and different world? Specifically, how can he accuse those who are known to have liquidated at least as many, if not more, "Ustashis" as Mr. Kadijevic during and after World War II of themselves being Ustashis?

The question arises of whether Kadijevic needs the "Ustashis" as an alibi to himself, to the Serbs, or indeed to the international community. It is unlikely that Kadijevic came up with his vampire-like theories immediately after the reports of Zimmermann's appearance in the United States, when he said that during the election campaign the ruling party showed signs of anti-Serbianism and anti-Semitism. It appears that Kadijevic took refuge under "Mr. Zimmermann's ideological shelter" precisely in order to show how the Yugoslav Army is in fact an instrument in the game between the major powers, and especially an instrument of the United States in the attempt to preserve some sort of Yugoslavia. However, not only the speech by James Baker, but also all subsequent American documents and actions directly blame both the Army and Serbia as the initiators and main culprits of the criminal crisis that is destroying

not only the idea of any sort of Yugoslavia, but also European civilization in this region through pathological hatred from the last relic of Bolshevism. In this sense, this transparent verbal game by Kadijevic, with no verbal consequences whatsoever, is an utterly clumsy maneuver that obviously tricked no one, neither here nor in the West.

What does Kadijevic's vampire orchestra expect at the end of its pathologically formulated plans? Kadijevic and his gang apparently have no intention of stopping even at their hypothetical conquest of all of Croatia. It is certain that in this Serbo-Bolshevik madness of theirs they would also attack Slovenia, naturally under the guise of some form of Yugoslav identity known only to them.

In a second hypothesis we assume that Kadijevic's licentious Serbian soldiers would occupy the Virovitica-Karlobag border and attempt to set up their Greater Serbia here. Even in present-day Serbia, the Serbian population accounts for only 60 percent, and in this new Serbia, the Serbian populace would fall to only 45 percent. It is obvious that in such a Greater Serbia it would not be possible to rule without repression, and that in turn means that the main internal instrument of the "democratic government" would be the Army and some sort of Serbian police. Thus, by upholding the idea of some sort of Greater Serbia, Kadijevic's gang is in fact assuring its own present status inside such a Serbia as well, not only in the sense of financial privileges and a pleasant, idle existence, but also in the sense that this type of army would continue to be an ideological-political instrument within Serbian society. It is obvious to anyone who knows the first thing about European trends and directions that this type of Serbia would not have the slightest chance or place in Europe; it would once again face the problem of rebellion, and the bloody circle would not be broken until who knows how far into the future. It is hardly likely that European strategists who reflect on the politics of Europe and the world, together with the Americans, are not considering all these factors. Thus, this means that certain parts of the European political establishment are in fact deliberately using Kadijevic to "pacify" the forces in the Yugoslav republics that are disloyal to him, after which Kadijevic, together with his gang of generals, will probably go the way of the Greek or Chilean officers.

Specifically, a halt to the war will clearly require some sort of international arbitration about war crimes against the civilian population, about violations of international conventions, the destruction of cultural treasures, in which case Kadijevic and Adzic, as well as others who are not looking forward to this, will probably find themselves at a new Nuremberg, where the label of war criminal awaits them. It is here too that one must look for the reasons that Kadijevic's and Adzic's unruly soldiers are increasingly feverish and frantic in their desire to extend their own terms of service.

We wonder what new moves will come from Gen. Kadijevic, the prince of vampires, and his circle of vampires in the days ahead. Specifically, will the international community find the strength to stop this war madness, or will it continue to use Kadijevic in order to destabilize the political position of Tudjman's ensemble, after which, based on the law of connected containers, it would also displace Milosevic together with his circle?

Are there not skilled strategists in centers of the world able to formulate computer projections in which tens of thousands of casualties in this region are taken into account? However, something that rational Euro-American analysts have clearly not taken into account in their analyses and attempts to preserve the framework of the Soviet empire and Yugoslav casualties is the irrational hatred that has gushed forth in equal amounts from every pore and every segment of this Balkan region.

All the fuses on the powder kegs are burning, and it appears that this region is entering into the final phase of general bloodshed. In this sense, it is not only Kadijevic who will be to blame for everything that is happening, but also those who created and supported him, and in this regard objective political responsibility for the crimes committed in the Yugoslav region is also borne by the indolent Americans and the ostensibly committed Europeans. Primarily because they even consent to engage in talks with the sort of vampire logic that Kadijevic lives and breathes.

The latest agreement reached in The Hague in fact made the greatest concessions to the party that is the main culprit in this situation: the Army, which is apparently still attempting the bluff of pretending to be in some sort of neutral position. But jointly responsible for the longevity of Kadijevic and his zealots is the Croatian government, or rather its current president, also a communist general, who a few days before the Hague conference announced before the (Swedish) television cameras that he trusts Kadijevic, and even Milosevic. It appears that the Croats are the only ones whom Mr. Tudjman does not trust, especially those who joined him in the casemates to fight for the demolition of the society that Kadijevic is defending.

We will not have to wait for historical distance to find an answer, if we survive; rather, it will be provided by the lightning-like events that, it seems to me, lie ahead for us, not only in Croatia, but throughout the entire territory of Yugoslavia. In this sense, Croatia faces the major task, through rational and prudent democratic political behavior, of utterly convincing the world that there is no basis whatsoever for Kadijevic's deranged and vampire-like theory about the Ustasha and Nazi character of the Croatian nation, as well as all of its leaders.

Only fools shrouded in the fog, skillfully concealed provocateurs, and half-mad apolitical figures can continue to play the undemocratic music to which the prince

of vampires, together with his retinue of hand-picked followers, will continue dancing in march time along the Drina.

SDZ Split Seen as Blow to Slovene DEMOS

92BA0070A *Ljubljana DELO in Slovene* 14 Oct 91 p 1

[Article by Vinko Vasle: "The Slovene Democratic Alliance Has Split in Half"—first paragraph is DELO introduction]

[Text] At the congress of the Slovene Democratic Alliance [SDZ], there was a final split between the nationalist and liberal wings of the party—a blow to DEMOS.

Ljubljana, 13 Oct—What happened was only what has already been clear for a long time—at the third congress of the SDZ, there was a split between the nationalist and liberal wings of the party. The latter, after the adoption of a document on the party's identity that they thoroughly rejected in its entirety, left the congress, and immediately continued their work in a neighboring hall in Cankar House. An attempt to arrive at some sort of compromise that would prevent a division in the party and essentially the emergence of yet another party was not successful, although it should be noted that there were very few such attempts.

The so-called Pirnat faction of nationalists, in fact, almost uncompromisingly supported a new, nationalist identity for the party, but the liberal faction demanded that this programmatic and political reorientation, in its opinion a global one, should not be adopted. The only one who appealed clearly and loudly for a compromise was Janez Jansa, who also announced that in the event of a schism he would not be in either party. When it was already more or less clear on Saturday evening that he was faced with almost irreconcilable factions, Jansa proposed one more decision: that the controversial document not be voted on, and that a special commission be appointed that would think everything over again overnight and possibly succeed with a compromise solution. Chairman Rajko Pirnat did not put this proposal to a vote, and instead put the document to a vote, and it was also adopted by a majority of votes.

Even the beginning of the congress was not exactly promising, in the sense of some sort of reconciliation between the two dominant factions, since Peter Volasko successfully undermined Rupel's proposal for a working chair and that position was occupied by Dr. Rajko Pirnat instead of Rudi Seligo. Rupel, in his opening report, was also quite clear when he rejected the party's reorientation toward the right, and later he was also supported in this by Hribarjeva, Persak, Seligo, Dr. Marko Kos, Igor Bavcar, and several others. The central idea of the SDZ's liberal wing was that nationalism is an obsolete concept and it is necessary to build upon a state of citizens, i.e., individuals. France Bucar was very harsh when he emphasized that the situation in the SDZ was actually a reflection of the situation in DEMOS, where democratic

centralism had been promoted; he saw this as a throw-back to the former regime. Bucar also sharply attacked Peterle's government, saying that he had never seen such an arrogant and belittling attitude by the government toward the assembly.

After the departure of the liberal wing of the SDZ, that one continued its work in the neighboring hall, where approximately one third of the participants in the third SDZ congress went. It was decided that that part of the SDZ was the party that was continuing the original traditions and program of the SDZ.

On Sunday, both parts of the SDZ continued their work. Janez Jansa took care of surprising the Slovene National Party (which has two other names, the SDZ and the Slovene Democratic Party); he had changed his mind overnight, and decided that he would stay with the nationalists, with the provision that, as he said, he did not want to be a candidate for any position in that party. Pirnat characterized the continuation as a continuation of the SDZ congress, as Rupel also did in the neighboring hall. Both of them emphasized that there had not been any discontinuity of the party. Among other things, Jansa warned that a seventh Demos party had emerged, which could fundamentally change relationships in the government and the Parliament. The liberal part of the SDZ adopted the position that it still saw its place as being in DEMOS, until the common points in its program were completely implemented. Tine Hribar (who joined Rupel's SDZ yesterday) said, among other things, that with everything that had happened, DEMOS was spiritually dead.

Later, Pirnat, at the plenary session of his SDZ, thought that perhaps everything had not yet been lost, and in the lobbies informal consultations began among certain leaders of both of the former factions. One of the consequences of this was that Rupel's SDZ decided that they would negotiate with the nationalists (a special negotiating group was elected), but that they would not retreat from their fundamental commitments to the party's program.

When the two negotiating groups met later behind closed doors, it was shown that a compromise between the two former factions of the SDZ was not possible. Thus, the liberal part of the SDZ will have its congress on 16 and 17 November, and Pirnat's nationalist party continued its work, and adopted the party's new name, SDZ-NDS [National Democratic Party].

SDZ Identity Document Splits Alliance

92BA0070C Ljubljana DELO in Slovene 14 Oct 91 p 2

[Article by Marko Pecauer and Veso Stojanov: "The Slovene Democratic Alliance's Disunity Came to Light at the Very Beginning of the Congress and Split It"—first paragraph is DELO introduction]

[Text] The majority, headed by Dr. Rajko Pirnat, adopted a document called "Identity of the SDZ

[Slovene Democratic Alliance]," according to which that party is to be renamed as the National Democratic Party; the opposing factions continued the congress separately.

Ljubljana, 13 Oct—From the very beginning of the third special SDZ congress, nothing went the way it was supposed to. The president's preface was rather unconventional, something like: "Well, since we are here, let us begin!" When he read the official proposal for the working chairmanship of the congress, Peter Volasko immediately took the floor, and read his own proposal, in which, for example, he characterized the initial candidate, Rudi Seligo, as not competent enough to conduct such a large meeting. Of course, Dr. Rajko Pirnat was supposed to be more competent; and Pirnat won the vote. Immediately, in the beginning, it was shown that the party was divided. To be sure, the slogan of this congress was "The first postwar congress, a congress for new times."

The president of the SDZ until that time, Dr. Dmitrij Rupel, immediately stated in his speech that the SDZ was a party of competent people, and that they had somewhere to go, even if they immediately abandoned politics. He regretted that he himself was too busy in the Ministry, and that he had therefore neglected the party, but he had not acted against anyone and he had not hatched any plots. He rejected the assertions that the leadership was not acting in accordance with the interests of the party, and he furthermore cited the survey that was conducted among the membership. He mentioned the disagreement between the party's executive committee and its council.

In the Slovene political area, Rupel placed the SDZ in the middle, between the Christian Democrats and the Social Democrats. He rejected an orientation toward the right, since among other things, that would finally enthrone the left, including its radical communist portion. In Rupel's opinion the SDZ, as a middle party, also had a future as a third, centrist bloc in future elections.

Controversial Document

Janez Jansa, as the president of the SDZ council, presented a document called "Identity of the SDZ," which was drafted by the SDZ council. According to that document, the SDZ should be renamed as the National Democratic Party [NDS] (this document was then the source of all subsequent disputes at the congress). Jansa accused the party's leadership of being too little involved with the party, and writing too many newspaper polemics. He denied that the adoption of the "Identity of the SDZ" document would mean a turn in a nationalist-chauvinist direction. Jansa still called for tolerance and the unity of the party.

Then it started. First of all, the national-democratic wing, which was critical of the leadership and supported the "Identity," struck a blow. Then the balance started to shift toward the old democrats, who were extremely critical of that document. They also included Igor Bavcar and Dr. France Bucar. Dr. Marko Kos even called upon

the proposers to remove the name of the National Democratic Party, since that was the name of the fascist parties in Germany and Austria.

Party After the Separation

Toward evening, Janez Jansa proposed that the decision on the controversial document be left for the next day, and that an attempt to reach agreement be made in the meantime. Chairman Rajko Pirnat, however, failed to hear that proposal, and put the proposed document to a vote. The majority accepted it. Then Dr. Rupel spoke up, and called upon all those who did not agree with such a party orientation to gather in the next room and continue the congress of the classical SDZ. Dr. Pirnat stated that the congress would resume its work on the following day, and invited all those present to a party.

In the next room, Rupel's faction tried to agree on preparing for a new congress, but when it became obvious that everything could not be agreed upon in such a short time, they also agreed that they would continue on Sunday. And then there were two parties on Saturday in Cankar House: the minority faction had one on the bottom floor, and the majority faction had one on the top floor of that Slovene cultural building.

The majority faction, which stayed in the first room, gathered at 9:00 [AM or PM not specified] on Sunday. Dr. Rajko Pirnat opened the meeting by saying that they were continuing the SDZ congress. He told the others, who were in the next room, that they did not have anything to do with the SDZ, with its program, or with its finances. They continued their work after an agreement. The verification commission determined that 99 of the congress's delegates had come to that end of Cankar House. Things became a little complicated when they determined that the chairmen of some of the commissions were in the other room, but they nevertheless coped. Some member of the commission in that room delivered the report.

When the chairman, Dr. Pirnat, already wanted to declare a recess, Janez Jansa spoke up. He thought that two mistakes had been made on Saturday. The first one was the ultimatum presented by some people in the leadership: either everything would be the old way or they would leave. The other mistake was that there had not been any vote on Jansa's proposal. In fact, as Jansa stated, he never made any proposal off the top of his head, without profound consideration. There was obviously no willingness for even a slight compromise, Jansa thought.

Beginning of the End of the Coalition

And what will be the consequences? In his opinion, the party will not collect itself that quickly, especially not before the next elections; even though the other party does not have any major prospects. It is true that it has intellectuals, but it does not have activists. A party needs

a membership that does not feel inferior. Those others can be the editorial board of some newspaper, but not a party.

In the political area, however, it is necessary to take into account the fact that a seventh party has emerged in DEMOS, a small one, but with great influence. The functioning of the coalition will be complicated even more, and we are witnessing the end of the coalition. The blockade of the Assembly will increase. When Jansa proposed the replacement of the government, the ratio in DEMOS was 3:3; now it will be 4:3. The government will fall with the first vote of confidence. Even if such a vote does not take place, DEMOS no longer has a majority in the Sociopolitical Chamber. Jansa also expressed great appreciation for the positions offered, but nevertheless he was not prepared to accept them; he would remain in the party, however. In spite of the fact that some delegates begged him to think it over and become their president, Jansa remained firm.

Of course, Rajko Pirnat took the floor not long after that. He denied that there had been a split in the party, and also that he had made any mistake in conducting the congress on Saturday. He also contradicted Jansa, saying that the latter's views of the political consequences were exaggerated. There was still time for a compromise, since the party was an open one. Anton Tomazic, however, doubted that DEMOS would even want to accept that party as part of it.

Maneuvers Behind the Scenes

Discussions followed in the commissions, which were supposed to bring the congress of the National Democratic faction to a happy end. In the meantime, there were intensive consultations behind the scenes between the opposing factions.

They began at the initiative of some of the delegates in the majority faction, who did not realize until today what had happened last night. In addition to pleading with Janez Jansa in the corridor to accept some position in the party, they proposed to him that he take the initiative and try anyway to find a compromise with the minority (the Mensheviks). At first Janez Jansa was against this, saying that it was already too late now, and that a compromise was only possible yesterday. As we heard, the pretender to be the new party president, Dr. Rajko Pirnat, was also not very enthusiastic about Jansa's assuming any position. He said within a small group of deputies that Jansa was so ambitious that he would not assume any (?IKS [expansion not given]) position in that party, and furthermore, that he was supposedly frightened by such a massive exodus of Rupel's faction.

The latter also met today at 10:00 [AM or PM not specified] in the neighboring premises. First of all, they discussed the report from the SDZ congress that a majority of the delegates of the third congress had adopted the text of the "Identity of the SDZ" as their platform, the essential characteristics of which were a

shift toward the right and a change in the name from SDZ to NDS. A minority of the delegates and a majority of the former leadership viewed this as the beginning of a new party, and consequently continued their meeting as the SDZ. They would continue to function on the basis of the old program of the SDZ, and they would try to establish a third, centrist bloc on the Slovene political scene.

They also formed a preparatory committee, which is headed by Igor Bavcar. The committee will prepare appropriate documents by the next SDZ congress or conference, which should take place a month from now.

End of Slovene 'Political Bipolarity' Seen

92BA0070A Ljubljana DELO in Slovene 14 Oct 91 p 1

[Article by Miran Lesjak: "The Farewell of the Gray Buttons"]

[Text] The last truly beautiful and decent party event at which an unsuccessful attempt was made to smooth out divergences of all colors, eliminate deviations, differentiate factions, and unify ranks was the 14th LCY [League of Communists of Yugoslavia] Congress, the congress of the collapse of the ruling party and with it, the state ruled by that party.

The third SDZ [Slovene Democratic Alliance] party was far from being as exploited by the media as the above-mentioned party congress, but the consequences of the split in the SDZ, one of the most important parties, will be just as critical and far-reaching for the Slovene political scene as the consequences of the ostentatious Slovene departure from the party congress. Today the transitional postelection period, marked by the democratic-centralist rule of DEMOS and the activity of a multitude of political organizations without previous experience, has ended. That is why the greatest shock will be experienced by those voters who gave a mandate to DEMOS, and forgot that under that name there thronged many increasingly more diverse parties. The elementary-school political arithmetic is finished: From now on, at least until new elections, the state organs, especially the government, can be captive to possible temporary coalitions at every session of Parliament. This means that the authorities' stubbornness and political force against the deputies are also finished. The time of anemic pressures upon gray buttons, with which it was not necessary to explain or justify anything or be responsible to anyone, has passed. And finally, there has been an end to the exhausting and imposed Slovene political bipolarity, in which both a black fascist and a red communist had to lose their colors. Neither of them will have to be afraid that he will be mistakenly addressed as a 'democrat.'

Effective Strength of JNA Analyzed

92BA0081A Zagreb GLOBUS in Serbo-Croatian
20 Sep 91 p 15

[Article by Miljenko Carevic: "How Strong Is the Aggressor?"]

[Text] The aggressor's total forces are geographically divided into five strategic groups, four of which are Army military districts, while the fifth consists of three combined air and air defense units.

The division into Army districts was not based on the republic borders, but the requirements of strategic-operational assessments from the time of the Cold War. There are serious indications that there were also reasons of another nature: That is, the generals believed that the Army of the old Yugoslavia would not have capitulated in 1941 had it not been for the "treason" of Croatian soldiers. That is why the borders of the three military districts and two zones of responsibility of the air and air defense units were conceived so as to intersect on Croatian territory. Fairly large forces were stationed on its territory, but the fortunate thing is that coordination of the strategic groupings has not been functioning at all because of the bureaucratic organization of the JNA [Yugoslav People's Army].

The next territorial division is into Army corps. In the world generally, corps are large independent operational units operating independently in a particular sector of the front.

But in the JNA they were conceived as operational units in a particular territory which could become part of Army groupings, but need not do so. It is clear today that the main role of the corps is to pacify an area; the corps commander is directly subordinate to Belgrade, not to the commanding officer of the Army district. It is no wonder, then, that Avramovic does not know what is happening in Sisak or Gospic, although it is happening in "their zone of responsibility," and frequently in press conferences they answer "We do not know," "They will let us know later," and the like.

There are 16 corps of the JNA stationed over the entire territory of Yugoslavia, four of them on the territory of Croatia, and another four in its immediate vicinity (see the map) [not reproduced here]. When the Ljubljana and Maribor Corps withdrew from Slovenia, a new division came about (the JNA is not one to give up strength), so that one was formed in Mostar, another probably in Sabac, which represents a very appreciable threat on Croatian borders.

All those ground forces are "covered" from the air by aircraft of the 5th Corps, whose command fled from Zagreb to Bihac, as well as those of the 1st Corps, whose command is at Batajnica and Rajlovac. The third combined air and air defense unit (corps) covers the region of the southeastern parts of Yugoslavia, and its command is located at Petrovac near Skopje.

The lesson that should be drawn from this division is, for example, that at least three kinds of units with respect to their higher command are located in the Sisak region: forces of the Zagreb Corps, forces of the 5th Army District, and forces of the 5th Air Force Corps. There are also units under the direct command of Belgrade (storage facilities, schools, various institutions, etc.), so that it is no wonder that some of the aggressor's forces have been fighting like mad with all available means, while others have been behaving innocently, as though nothing at all is happening.

To an ever-greater extent, this is a force on paper because of the reduced numerical strength, but the forces of the River Flotilla and Navy should also be added to it, as well as the Air Force group assigned to protecting the Adriatic and the coast.

Some Numerical Indicators

The JNA is organized into three branches: ground forces (KoV), the Navy and River Flotilla, and the Air Force. All three branches have various arms such as communications, artillery, infantry....

The ground forces are by far the most numerous branch of the aggressor's forces; they were conceived in accordance with the Russian system, modified by experiences in the Israeli-Arab wars, but with personnel of poorer quality than those in the other branches, but the most dangerous in its unpredictability precisely because of the limited nature of the command personnel.

All the available ground forces consist of some 40 brigades and some 30 regiments for various purposes, but although the number is impressive at first, one should realize that these tactical units are not up to full strength and most of them do not even have 30 percent of their full strength. Recruits and reservists are not available to bring them up to strength. Within the large number of brigades, eight are armored, nine are mechanized, four are mountain troops, and all of 21 are infantry brigades, there is one paratroop brigade (the so-called "Special Troops from Nis"). The artillery units are organized on the regimental principle, so that on paper the JNA has 12 field artillery regiments, an equal number of antiaircraft artillery regiments, and approximately six regiments of antiarmor artillery.

In the plans of the former JNA, the Zagreb—Ljubljana—Rijeka triangle was considered to be one of the so-called strategic areas in which during the Cold War an airborne landing was expected by one of the great powers, so that considerable armored forces (approximately one-third) were concentrated in that region, which is clearly proven by the makeup of the units in Petrinja, Jastrebarsko, Karlovac, and Bjelovar.

The present numerical strength of ground forces is estimated at approximately 120,000 (one officer for every two soldiers), and the same estimates indicate that about 30,000 reservists have been mobilized into the Novi Sad, Banja Luka, Tuzla, Kragujevac, and Pristina

Corps. Reservists called up into the Bitolj Corps for "exercises" have been released to go home. The call-up was not done on the geographic principle, which was the basis of the so-called development of mobilization in plans for complete mobilization, but rather the extraterritorial principle was gradually applied, so that the Macedonians were mobilized into the Pristina Corps (the assumption was that the ethnic ferment in Macedonia guaranteed the reliability of Macedonian reservists in a possible showdown with the "Skipetars"), while Serbs and Montenegrins were mobilized into the Titograd Corps or Tuzla Corps, so that they would outnumber the Muslims called up. All were called up into the Novi Sad Corps, but care was taken that the balance of power in each unit be 2:1 to the advantage of the Serbian nationality.

While reservists are being called up in the ground forces almost according to plan, in Air Force and naval units the situation is different. There are fewer and fewer personnel for the sophisticated equipment of those two branches of the JNA. It is increasingly difficult to find replacements for the handling of electronic equipment, and ship crews and pilots have been so thinned out that there is some question about the use of weapons. A solution has been found for the moment by calling up personnel from the special-purpose military industry, which again implies difficulties with repair and maintenance and replenishment of that equipment.

Units for logistical support are also in trouble. In all of their plans, the JNA counted on supply from local sources, but they have dried up on the territory of Croatia (except on territory temporarily occupied), so that it is no wonder that soldiers have been getting one meal a day and sometimes not even that. To be sure, the JNA does have strategic materials in reserve, strictly earmarked for war, but vehicles and artillery shells cannot be eaten, and fuel reserves in the western part of Yugoslavia are running out. That is why we should not be surprised when fuel is taken away from fishermen out at sea, and we should anticipate similar things on the mainland.

So, space, as one of the factors in war, is in Croatia turned against the JNA, which has always believed that it would have space on its side. Nor is time working to the aggressor's advantage, because with every passing minute he is losing more and more, and that also applies to the weather. That is, as fall comes with fog and rain, and later with snow in the wintertime, the technical superiority of the JNA, which is now more than obvious, is essentially reduced. As for the human factor, it is obvious that the JNA is deteriorating with every passing day.

The Equipment and Armament of the KoV

Over the last two decades, the state has annually been appropriating between \$2 and \$4 billion to meet the needs of the JNA (depending on the national income and

the exchange rate). We should add to this several hundred million dollars from exports of armament and equipment. So, the JNA possesses immense quantities of fairly good-quality weapons.

The table [not reproduced here] presents the most recent estimates of the quantities of armament and equipment of the KoV, but at the same time it is important to mention that quantity is not everything, but rather the destructive capability of that arsenal depends on many other factors as well. The use of armament (except infantry weapons) requires knowledge, training, and teamwork, regular maintenance and repair, and a supply of spare parts.... And this is deteriorating every day, while the Guards are every day taking over military stockpiles.

[Box, p 15]

Special Forces of the JNA

In copying the Soviet Army, the JNA formed its own special-purpose forces, which are often referred to as the "Special Troops from Nis." There is much talk about these forces, and the facts are as follows:

The elite unit of the JNA is the 36th Paratroop Brigade, whose command is located in Nis. It consists of three battalions and accompanying units, and while there are volunteers from among the recruits, a sizable portion are professional soldiers (officers and men serving under contract). This unit is intended for use in detachments to secure vital facilities, to guard generals, and for reconnaissance in force. They are transported by MI-8 helicopters or AN-26 transport planes. A fourth battalion is being formed at the moment from reserves, but in all, the numerical strength of the brigades does not exceed 1,800.

In the Navy, there are special commando forces at the base in Pula: They work in teams, usually squads.

All are professionals except the reserves, and one group has now been added to the River Flotilla on the Danube.

The four mountain brigades have special scout units in platoon strength (30 men) equipped to destroy vital facilities in mountainous areas (relay towers and the like).

Finally, there are the security forces (OS), better known as the KOS [counterintelligence forces], which exist in every unit from battalion up.

They command the military police and carry out "counterintelligence and security measures" in the unit and in that unit's zone of responsibility. Along with everything else, they are sending snipers into Croatian cities....

Serbian Privatization Law Criticized

92BA0045B Belgrade *EKONOMSKA POLITIKA*
in Serbo-Croatian 23 Sep 91 pp 25-26

[Article by Ljubomir Madzar: "The Meanders of Privatization Are Exhausted"]

[Text] The newest Law on the Conditions and Procedure for Converting Social Property Into Other Forms of Property (henceforward the Law) is a clear indication that Serbia is not overly prepared to fit its sails optimally to the winds of democratization and market transformation. It is accepting these winds because it has no way out, they will move it powerfully in the direction of further opening up of the market because this is not to be avoided, but it is certain that genuine involvement and private ownership orientation in economic policy will not especially play a role in these unavoidable transformations. The Law is unequivocally revealing a lack of enthusiasm for the transition to private ownership, great caution and hesitation in regard to switching to ownership arrangements of the kind that are applicable to modern civilization.

In the very first article of the Law, the principle of voluntariness was published. It is doubtful that it is possible to find a greater hindrance for the process of privatization than the principle of voluntariness. Workers, on the basis of their self-administrative rights, have the huge privilege of enjoying social capital and collecting the fixed income that it generates in the economic process. It is almost absurd to expect that the collective would agree to make a decision about the sale of social capital, to submit the revenues from this sale to some state fund, although it would be the Development Fund in their own republic. The collective loses the income generated by social capital and loses the right to administer it, and gets nothing in return. The model of capitalization is somewhat less unstimulating, but it is still quite hopeless as an institutional basis of ownership transfer. There, to be sure, the additional funds obtained through the sale of shares remain in the enterprise, but in the case where the buyers are outside the collective, control over social capital is reduced, and so is the possibility of pouring the contribution of capital into personal incomes.

Employees can preserve their attained privileges only under the condition that they act themselves in the role of the buyers of stocks. However, with the existing insolvency of a good part of the social sector, with the great uncertainty in regard to the future profitability of enterprises and with the known lack of familiarity with any type of financial ownership instruments, it is illusory to expect employees to show interest in the purchase of their enterprises if they are not very strongly stimulated for it. Therefore, the stand of the legislators toward ownership transformation in the economy is most clearly reflected in just this element. A sincere orientation

toward privatization is measured by the number and force of the stimulating elements that are built into the legal regulations.

The incentive contained in the Law is extremely inadequate. Its insufficiency amounts to unfavorable beginning institutional conditions under which it is worthwhile to privatize the economy: The self-administrative rights contained in existing constitutional regulations are so great that the status quo can be overcome only with exceptionally strong financial incentives. The stimuli included in the Law are not insufficient in some abstract sense, but are limited with regard to the beginning situation in which the Law must take effect and to the overcoming of which the stimuli must contribute. Discounts are reduced, payment periods in the almost unavoidable case of sales on credit are shortened, conditions for assessing the value of enterprises are tightened, the value of shares that an individual can buy is limited.... In addition, quite unnecessarily, it would seem, the value of social capital that can be transferred through shares is limited to one-third.

The absence of a real determination to accelerate privatization can best be seen if this newest republic act is compared with federal legislation. The federal law, in regard to discounts, and as to credit repayment periods, and as to the amount of social capital that can be transformed into private ownership, is incomparably more liberal. The federal law is also broader with regard to the administrative prerogatives that it confers on the new owners: it permits the total value of shares to be the key to participation in administration and even permits this participation to be greater than participation in the ownership of the enterprise. With this, institutional possibilities are created for taking large steps toward organizing, above all, an important corporate administration and eliminating ineffective self-administrative leadership machinery. The federal law also provides the opportunity to eliminate social capital completely in some cases, through discounts. The republic law does not have all of this. Moreover, the latter prevents transformation if the nominal value of registered shares does not exceed 10 percent of the social capital the enterprise has at its disposal. The republic law has included serious restrictions in all important dimensions of privatization, and this at a time when, trained by experience, the federal legislator is announcing broad new steps in the liberalization of ownership transformation.

The restrictiveness of the Law, as with analogous federal legislation, is conditioned by rather dangerous limitations imposed by the federal Constitution. The principle of sufficiency stems directly from it. Indeed, the Republic has related to the federal Constitution in its legislative activity up to now with a greater degree of nonchalance than has been the case with the federal legislator. Moreover, it has not been an exception in this

regard in comparison with other republics. Precisely because of this the principle of voluntariness has not been imposed with such force as in federal laws. In contrast with other cases, where a much more flexible relationship with the Constitution has been accepted, the legislator has decided to adapt completely to the Constitution. His preferences have been demonstrated here too, if indirectly.

One of the criteria for assessing the social suitability of the process of privatization is its fairness. Ownership transformation can be characterized under our conditions as fair if the part of social capital that goes into rebates is uniformly distributed among the whole population and if inequality in the distribution of wealth does not increase. Federal legislation in this plan has serious shortcomings imposed, in the final analysis, by the imperative principle of voluntariness. Where the book value drastically underestimates the probable actual economic value—while such cases are not a rarity and have become more frequent approximately equally with cases where the opposite is true—significant wealth is generated with small investments. This effect is further emphasized by large discounts which can additionally increase the difference between the economic value of shares and the actual sum with which they are paid. The federal law, however, contains a regulation according to which all other citizens may also buy discounted shares. Thus the effect of discrimination is essentially reduced. Everything that should be done is to strengthen and tighten the regulation on the right of all citizens to participate in the purchase of shares. Such a mechanism, unfortunately, has been left out of this Law. A further weakness consists of the fact that it uniformly prescribes the possibility for the sale of one-third of social capital. The great variations in capital per worker are known, so the discount realized—and this is the capital gift—will vary significantly by sector and by enterprise. A limit of 20,000 or 30,000 German marks reduces inequality but by no means eliminates it.

There are a number of criteria for the evaluation of institutional mechanisms of ownership transformation, as well as of the actual processes that they generate. These criteria are implemented for appropriate goals, but expeditiousness, fairness, the degree to which a given means of privatization makes possible and accelerates corporate administration, dispersion of ownership and fiscal abundance—the capability of the method chosen to increase budget revenues—are most often emphasized. The Law does not show itself to be effective under a single one of these criteria. A well-intentioned interpretation will take into consideration the limiting effect of the federal Constitution as a cause of defects in the Law. However, it is impossible to overlook the fact that the Law has gone significantly further in its restrictive regulations than it had to with regard to the obstacles of constitutional imperatives.

Bosnian Prime Minister on Economic Situation

92BA0068A Sarajevo OSLOBODJENJE
in Serbo-Croatian 8 Oct 91 p 2

[Interview with Bosnia-Herzegovina Prime Minister Jure Pelivan by F. Midzic; place and date not given: "The Republic Is Blockaded"]

[Text] Zenica, 7 Oct—The Prime Minister of Bosnia-Herzegovina, Jure Pelivan, together with his top coworkers is in constant contact with the leaders of the Zenica Steelworks, which is fighting for survival these days. According to Pelivan, the management of this large collective "has been making exceptional efforts for months to maintain production and prevent an interruption of work in the vital shops." The government will "undertake everything at its disposal to help the metallurgists and Zenica, because we are aware of what unforeseeable consequences could occur if there is no intervention in time in the republic and outside of it."

"The individual and collective tenacity with which the steelworkers, bravely and without surrendering, are bearing up under the different blows and the increasing problems, including the latest ones in connection with the blockaded ports and transportation, is really amazing," Jure Pelikan told OSLOBODJENJE. "That attitude among Zenica's work force personally impressed me, and furthermore, obligated both me and my coworkers to work unselfishly to find a way out for the Steelworks and Zenica."

Everyone Is Losing

"The chaotic political situation in Yugoslavia and the total blockade of maritime, highway, and railway transportation in Bosnia-Herzegovina and elsewhere are very directly, and with full severity, affecting the economy of the Zenica region and especially the Steelworks," Prime Minister Pelikan explained. "This is because its supply of basic raw materials has been interrupted, but also its business with foreign partners, because it is not possible to send substantial amounts of finished products for export by ships, trains, or highway transportation. To date the government has helped as much as it could, but obviously the problems have suddenly increased, and so they require the involvement of officials outside the republic in finding solutions for some sort of normalization of this difficult situation."

[Midzic] The Ploce Port is blockaded (again), and it has inestimable importance for the economy of Bosnia-Herzegovina. Who is losing the most because of this?

[Pelivan] The Ploce port is a major facility, and it is extremely important for the Republic's entire economy. The entire economy of Bosnia-Herzegovina is losing an indescribably large amount through its being prevented from working normally, and especially the Zenica Steelworks and the basic infrastructural services such as, for instance, the railroad. It is just because we are aware that the Ploce Port almost entirely serves the needs of the

Bosnia-Herzegovina economy that we are understandably affected that much more by its currently being blockaded.

[Midzic] What will be done so that the port in Ploce will be at the service of the Bosnia-Herzegovina economy again?

[Pelivan] The government will do everything within its competence, everything that it objectively can and must, and even more than that. We are justified in being afraid of the consequences caused by the blockade, and so for the sake of the present, but also for the sake of economic revival, we cannot reconcile ourselves to the blockade of the Ploce port. We will publicly and directly demand that the JNA [Yugoslav People's Army], which made the decision to blockade maritime traffic, and thus the Ploce Port as well, unblock this port immediately. The key is thus in the hands of the JNA. If it does not do this, which we will clearly and loudly make known to the highest representatives of the military leadership, whom we will also visit, a catastrophe is inevitable for the Zenica Steelworks and the republic's economy in general, in view of Zenica's product range and others' dependence upon Zenica's goods.

Strength in the Work Force

[Midzic] We know that there are also blockades at other locations...?

[Pelivan] There are, and they are fatal for the economy and people's lives. The Yugoslav oil pipeline from Vrgin-Most to the terminal in Sisak has also been blockaded, and it is the jugular vein, of vital interest for the needs of Bosnia-Herzegovina. We currently have a ship loaded with oil, 55,000 tons, in Rijeka, and we are unable to transport it to the refinery in Bosanski Brod. The cause is the interruption of transportation through the Yugoslav oil pipeline in the designated area. As you know, we do not have even a ton of our own oil production, and so that fact alone sufficiently indicates how important the amounts of oil that I have mentioned here are for the economy and population of Bosnia-Herzegovina. Both railroad and highway traffic from Belgrade to Zagreb is also blocked. We are shut off, cut apart, and all commodity flows have been interrupted, while our former outlets—to other republics and the world—have become dead ends. We are sending appeals, insisting and demanding that the military authorities, as well as responsible representatives of all those involved in military conflicts here or elsewhere, unblock these locations, railway lines, and routes as soon as possible. We are seeking an urgent solution, and we hope that we will succeed in this, but the permanent solution is a halt to all military conflicts in all areas, throughout the country. If the blockades are extended and if we do not obtain passable and safe transportation routes in the next few days, the collapse of the economy of Bosnia-Herzegovina would be inevitable. All those involved in blockading important economic installations and transportation routes would bear the responsibility for this.

[Midzic] Workers, like those in Zenica's but in other areas, are protesting more and more loudly against the war, the casualties and the destruction, and are demanding peace. Can this help in finally ending the madness in which we are somehow surviving?

[Pelivan] There is enormous strength in the Zenica work force, as well as in the working class in other parts of Bosnia-Herzegovina and the country. I am convinced that the example of Zenica, specifically the Steelworks, will not be an isolated one. I expect that they will be joined in an organized manner by the rest of the work force throughout the republic. On this occasion I call upon the workers to do so, because what they want with all their hearts—peace, work, and the preservation of their mere subsistence—is really a vital need. It is high time for us to stop hesitating in such an intention and to stop playing hide-and-seek, and finally, for every problem that has come up we should say who is responsible, and, of course, demand a solution. Jure Pelivan stated at the conclusion of his interview for OSLOBODJENJE.

[Box, p 2]

Zenica Is the Most Stable

"According to our information and assessment," Jure Pelivan stated, "the Zenica area and Zenica in particular, even in the complicated situation that Bosnia-Herzegovina and its economy are in, have been among the most stable parts of the republic for a long time now—in the political respect and every other one—in understanding among people, and in relations among the ruling national parties. It is the work force employed at the Steelworks, but also all citizens of Zenica, who contribute the most to all this. They all deserve respect, because they are proving that they know how to understand the problems in these troubled times, which are bewildering to every normal person, and that they are willing to bear a huge burden, even too huge a burden, on their shoulders and in their souls."

Data on Montenegrin Economic Trends

92BA0068B Belgrade EKONOMSKA POLITIKA
in Serbo-Croatian 7 Oct 91 pp 12-13

[Article by Omer Markisic: "Domination of the Negative Trend"—first paragraph is EKONOMSKA POLITIKA introduction]

[Text] The basic characteristics of the Montenegrin economy in the past eight months are very unfavorable; the alleviation of the decline in production is nevertheless noticeable; there were almost 90 percent fewer foreign tourists than last year.

The economic trends that occurred during the first eight months of this year show that the situation in the Montenegrin economy is very serious. In addition to the problems carried over from last year, the problems resulting from the aggravated political situation and the

state of war in certain regions of the country have been manifested even more seriously. The consequences of that situation are very major, and through their seriousness they are having a negative effect upon achieving the planned goals and tasks of socioeconomic development. Utilization of industrial capacity is still low. The functioning of commodity and capital flows has been disrupted, and the tourist industry has suffered particular consequences. This has also had a very negative effect upon certain processes that had started, especially the planned increase in foreign investments.

During the period of January-August 1991, the physical volume of industrial production has declined by 12.7 percent in comparison with the same period in 1990. The next table shows the trend in industrial production since the beginning of the year cumulatively, and monthly in comparison with the preceding month.

The pace of production in individual months has been very heterogeneous.

Of the 30 branches of industry, only three have achieved higher production in comparison with the same period last year (the electrical industry by 50.6 percent, coal production by 3.9 percent, and beverage production by 3.8 percent). The rest of the branches, which constitute 84.4 percent of total industry, had lower production. Of the branches that had a decline in production, the largest decreases were in leather and fur production (54.4 percent), the production of textile products and fabrics (44.8 percent), and the footwear and haberdashery production (43.3 percent).

In addition to the decrease in demand, especially investment demand, the supply of raw materials and semimanufactures is still a very pronounced limiting factor, as well as the increasingly more pronounced problems of dinar and foreign exchange liquidity.

Such trends are very unfavorable, especially if one knows that industry's share in the republic's social product is over 40 percent, and its share in the number of people employed in the social sector is over 31 percent. Its share in the structure of investments in capital assets in recent years has been over 35 percent, and industry has a share of over 90 percent in total exports of goods. In addition to this, it should be emphasized that Montenegro, from a structural standpoint, has unfavorable characteristics in comparison with the average for Yugoslavia. The structure of industry's social product is dominated by the energy and metallurgical branches, with a share of 57 percent (18 percent for the SFRY), and the metal-processing and chemical industry branches, with a share of 15.8 percent (about 40 percent for the SFRY). The share of the basic branches with high capital-intensiveness, along with poor diversification, determine the low efficiency of the energy and metallurgical branches, which is about 2.5 times lower than the Yugoslav average.

The negative trends from the past period have continued in the area of agriculture as well. Particularly pronounced are the problems of buying and marketing agricultural products, medicinal herbs, and forest products. The efforts of the Ministry for Agriculture and Forestry have alleviated these problems, by providing credits under favorable terms from the Fund for Encouraging Agriculture. Timely and satisfactory purchases were only carried out in the case of wheat. It is estimated that over 60,000 lambs remained unpurchased in the north of the republic alone.

Between January and July 1991, the volume of lumber production declined by about 18 percent in comparison with the same period in 1990; in addition to problems associated with the general situation in the economy, this was also caused by organizational problems in processing facilities after forestry was separated from wood processing.

During the same period, the volume of construction work, measured by man-hours, declined by about 7 percent, with a trend toward a decrease in construction activity in almost every opstina in the republic.

The economic and political situation in the country has also had a direct effect upon results in the area of transportation and communications. This branch has suffered direct damage as a result of the situation in certain areas of the country. Highway transportation enterprises are in a particularly unfavorable position. In the first six months of this year, the volume of highway transportation has declined by about 28 percent for freight, and by about 16 percent for passengers. There was also a lower volume of railroad transportation, by about 21 percent for passengers and about 25 percent for freight. The volume of maritime transportation was about 13 percent lower.

Numerous consequences have been felt in the area of the tourist industry, as well as in transportation. It is already certain now that tourist visits, and thus the overall results this year, will be very bad. The overall political and economic situation, along with the interruptions and problems in the functioning of transportation and communications, have resulted in a number of overnight stays during the first eight months of this year that is 43.5 percent lower than during the same period last year; within this, there have been 25.7 percent fewer domestic visitors, and 88.3 percent fewer foreign visitors. The business conditions for the tourist industry are deteriorating constantly, and this, along with the decrease in traffic and the imposition of high burdens, has put this priority branch into a very difficult situation, with long-term consequences.

The unfavorable trends in the area of production and services are also characteristic of the area of foreign trade in goods. In the absence of noncommodity foreign exchange earnings from tourism, remittances, and transportation, commodity exports have remained the sole source of foreign exchange. The nonoperation of the

foreign exchange market, the decline in production, and the fall in prices in exchanges for export products have caused a deterioration in relations in this area. In the first eight months of this year, in comparison with the same period last year, exports have been about 30 percent lower, and imports about 1.6 percent lower. Exports to previous clearing payment areas have also stagnated. All of this has resulted in a foreign trade deficit during the period in question amounting to about \$15 million. Semimanufactures still have a dominant position in the structure of imports, about 65 percent.

In the sector of prices, inflationary tendencies are increasing. Retail prices in Montenegro in August were about 18 percent higher than in July, which is the largest increase in one month to date.

Different trends were observed in August for all groups of products. The highest growth was observed for the prices of services (31.8 percent). Because of the constant growth of retail prices, their cumulative growth rate is quite high, and amounts to 76.6 percent.

The cost of living has shown a somewhat lower growth, and has increased by 11.3 percent in comparison with the previous month, so that the total increase for eight months is about 78 percent in comparison with the same period last year, and about 32 percent in comparison with December. The greatest influence upon the overall cost of living index was that of expenditures for heating and lighting, about 35.9 percent, and expenditures for transportation and postal, telephone, and telegraph expenses increased by about 32 percent.

Monetary and credit trends in Montenegro are similar to trends at the Yugoslav level. There have been substantial deviations from the established framework. At the end of July, Montenegrin banks' potential was 27,190 million dinars (an increase of about 82 percent). The dominant position belongs to borrowed funds, with a share of about 70 percent. Total deposits from primary issuance funds used by the Montenegrin National Bank amounted to 2,045 million dinars at the end of July, with a dominant share of "other loans"—about 60 percent. In July, the Montenegrin banking system had available a daily average of 213 million dinars in free monetary funds, with transfer account funds having a dominant share of about 92 percent. Liquidity, viewed as a whole, was maintained by using additional sources of funds.

Negative trends have also been observed in the area of employment. The decline in industrial production and investments has caused an increase in economic and technological surpluses of employees, but also a decrease in objective possibilities for new employment. In the first six months of this year, in comparison with 1990, there was an 8.8 percent decrease in the number of people employed in the socialized sector—10.3 percent in the economy, and 2.8 percent outside the economy. According to data from employment institutes, at the end of June the records showed about 58,000 people who

were seeking employment, which was 25.7 percent more than at the same time in 1990.

According to data from the SDK [Public Auditing Service], the average personal income per worker employed in Montenegro is 4,840 dinars, which is 84 percent of the Yugoslav average. As of 31 July 1991, 317 legal persons with about 75,000 employees had problems in ensuring the payment of regular and complete personal incomes. The guaranteed personal income (70 percent of the republic average) was paid by 56 legal entities with about 20,000 employees, and at 62 organizations with about 26,000 employees, guaranteed personal incomes were paid at the level of the republic average. In addition to this, at a large number of enterprises personal incomes are paid late.

The income distributed for the first six months of this year was 65 percent higher than the income earned, which constitutes part of the uncovered expenditure with a further tendency toward a deterioration in relationships. During the period in question, losses were recorded by 648 enterprises with about 80,000 employees, which constitutes about 3.8 percent of Yugoslav losses. Bankruptcy proceedings have been initiated at about 400 enterprises with more than 66,000 employees.

The newly formed Montenegrin Agency for Restructuring and Foreign Investments, with its concept and programmatic orientation, is working intensively on restructuring enterprises and on the ownership, personnel, management, and technical and technological

transformation of the economy. Certain activities have already been undertaken at TITEX, KAT, the 13 July Agrocombine, the Obod electronics plant, certain enterprises involved in wood processing, leather processing, and the footwear industry, the VUNKO enterprise, etc. A large number of contracts and preliminary contracts have been drafted, and a considerable number of experts and agencies from domestic and foreign institutes have been employed to carry out these tasks. The Montenegro Bank joint-stock company in Titograd has already begun significant activities. The Bank's decisions have provided for offering financial support both for developing restructuring programs and for carrying them out, while respecting strict market criteria for doing business and providing support to promising, market-oriented enterprises.

A great deal is also expected from completion of the construction of tourist lodgings in Buljarica and "Jaz," where preliminary contracts have already been signed between Montenegro and interested foreign partners, and certain activities have been started to carry out tasks associated with the construction of those facilities. Also under way are activities undertaken by the Agency to present Montenegro's possibilities, both to produce and provide tourist services, and to present programs for foreign investments in Montenegro, and to advertise Montenegro internationally. In the last few days, the Montex enterprise in Niksic has signed a contract with partners from the USSR worth over \$2 billion, which constitutes the largest foreign trade transaction to date. It has to do with importing oil and carrying out construction work, supplying equipment, and exporting food.

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