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United Democratic Center Leader Interviewed

*91BA0927A Sofia DEMOKRATSIYA in Bulgarian
9 Jul 91 p 5*

[Interview with Stoyan Ganev, chairman of the United Democratic Center, by Milena Dakova; place and date not given: "Way to a Humane and Free Society"]

[Text] The ODTs [United Democratic Center] was founded 18 months ago as an organization of noted professionals in their areas, linked by a common anti-communist political motivation. According to its programmatic declaration, its founding principles are competence, realism, and justice. At its first national conference, the ODTs identified itself as a political movement within the SDS [Union of Democratic Forces], and the nature of the organization contributed to the fast growth of its political significance.

Ten candidates nominated by the ODTs were elected people's representatives in the Grand National Assembly. The ODTs was among the first organizations within the SDS to formulate the idea that this association is not a mechanical assembly of parties or party leaderships and that it should develop as a national movement of anyone who realizes that the cause of the SDS is the only one that can secure Bulgaria's future.

After the third national conference of the ODTs, which was held recently, Stoyan Ganev shared his views on its status and future.

[Ganev] The ODTs has systematically supported the idea of the SDS as a national movement, called upon to peacefully remove the Bulgarian Socialist Party from political power and offer scope for a fast conversion to a market economy and, in general, for a normal life for our people. However, while our attention was entirely focused on this strategy, some SDS party activists were unwilling to see beyond their own party and engaged in speculations with the huge membership, which, occasionally, was only on paper. It would have been very easy for us to follow their "example." However, this would have been morally and politically dishonest toward the hundreds and thousands of SDS supporters, who were simply freedom-loving people who hated communism. This is not to say, though, that we oppose the parties that objectively belong within the SDS and participate in its political leadership.

[Dakova] When did the ODTs adopt as its ideological foundation the values and principles of Christian democracy?

[Ganev] At our second national conference, when it was essentially decided that the ODTs would develop with the structure of a party. To us, turning to the traditional Bulgarian Christian virtues and combining Christian values with the democratic principles of contemporary civilization are a natural way to lead to the building of a

truly humane and free society. The ODTs tries to implement the type of policy that is morally based on the Christian view of man and his responsibilities.

[Dakova] Your new program stipulates that the ODTs believes freedom, cohesion, and justice to be the basic values politics are called upon to guarantee in human interrelationships. What specifically did you mean by "cohesion"?

[Ganev] We consider cohesion a manifestation of the social essence of man. The ODTs favors mutual responsibility between society and the individual, equally distant from extreme individualism and from collectivism. Social insurance can come precisely from the idea of cohesion.

[Dakova] One of the immediate tasks in the electoral campaign, set by your organization, is to attract the intellectual potential. How do you intend to take the great majority of Bulgarian intellectuals out of the state of internal exile in which they find themselves?

[Ganev] Attracting the intellectuals is the task not only of the ODTs but also of the SDS. In this project, we are relying essentially on the power of the ideas we profess. In my view, the values of Christian democracy have favorable grounds in our country because they link economic liberalism to the social idea, which will be of decisive importance to Bulgaria in the years to come. The ODTs is a party that addresses itself to all strata of the Bulgarian people. Our aspiration is to defend the interests of those social groups by attaining a sensible compromise among them.

[Dakova] In your report at the last conference, you said that the ODTs will develop as a social, centrist, and traditional party.

[Ganev] The ODTs is a social party guided by the idea that an economic policy without social justice cannot protect social peace and leads to economic losses. A social policy that does not take into consideration the real economic possibilities and the need for economic growth deprives itself of sources of financing. The fact that we are a centrist party is determined by the value system on which we base our policy. This is a policy that rejects extremes and is based on a moderate and sensible approach to the development of society. But, speaking of a political center, we must now clearly realize that we have no right to be moderate toward those who led Bulgaria to a national catastrophe. We are a traditional party inasmuch as we base ourselves on all unchanging human values.

Temporary Leadership of United Agrarian Union

*AU0208150391 Sofia ZEMEDEL'SKO ZNAME
in Bulgarian 29 Jul 91 p 1*

[Unattributed report: "Temporary Leadership of Bulgarian National Agrarian Union-United"]

[Text] Yosif Petrov, honorary chairman of the Bulgarian National Agrarian Union-United [BZNS-United], director of ZEMEDEL'SKO ZNAME daily.

Tsenko Barev, secretary of the BZNS-United.

Viktor Vulkov and Dimitur Boev, secretaries of the Permanent Board of the BZNS-United.

Members of the Permanent Board: Aleksandur Dimitrov; Aleksandur Stamboliyski; Asen Khristov; Dimitur Batalov; Dimitur Kalinov; Evgeni Karadaliev; Ivan Velichkov; Ivan Glushkov; Ivan Semkov; Mikhail Mikhaylov; Petko Ogoyski; Rosen Litsov; Toncho Karabulkov; and Kharalampi Khadzhipopov.

Chairman of the Administrative Council, Svetoslav Shivarov.

Provisions of Commercial Code Discussed

91P20428A Sofia SOFIA NEWS in English 5, 12 Jul 91

[Fourth and fifth installments of a continuing article by Polya Panova: "Commercial Code"—first three installments published in JPRS-EER-91-112, 31 July 1991]

[5 Jul p 5]

[Text] In Bulgaria, foreign capital may also be invested in limited liability companies. The Commercial Code defines them as corporate juristic persons with capital divided into shares owned by the company members. Characteristically, in this type of business association the liability of the partners is limited to the amount of capital they have invested in it.

For its valid formation, a limited liability company must have a capital of at least 50,000 leva. It is established on the basis of a memorandum of association, drawn up in writing with notarized signatures. Like all other types of commercial partnership, a limited liability company commences from the entry of its memorandum of association in the commercial register and from the publication of the court ruling in the *Official Gazette*. Besides the general requirements, the limited liability company formation proceedings are governed by some special rules. First, a managing director must be appointed, secondly, each partner must have paid up at least one third of his stake and, thirdly, at least 70 per cent of the registered capital must be paid up. If, however, the partners' contributions are nonpecuniary, they must be paid up entirely.

Foreign nationals and foreign juristic persons intending to join limited liability companies in the territory of Bulgaria, should know that under the Commercial Code they are free to choose the type of investment in the company's capital: the contribution may be pecuniary and nonpecuniary, i.e. in kind. Apart from money, the partners may invest choses [as published]: machines, equipment, devices, securities and bonds in Bulgarian and foreign partnerships, intellectual property, know how, etc. Pecuniary and non-pecuniary contributions

alike are made at the moments of joining the company. Under the law, a contribution liability may not be remitted by or deducted from a company liability to the partner. If a partner defaults on his obligation, he is liable for legal interest and compensatory damages and, as a last resort, may be expelled from the company. In addition, the memorandum or articles of association may provide for an indemnity for a defaulted obligation.

According to the Commercial Code, a person (a foreign person included) ceases to be a member of a limited liability company upon death, full legal incapacitation or, respectively, the dissolution of a partner who is a juristic person, expulsion from the company or resignation. Just as with the other types of commercial partnerships, membership in a limited liability company is voluntary and statutorily terminable at any time on a written three-month notice. Along with that, under definite terms laid down by the law, a company may expel a partner who fails to pay his contribution or to fulfil other obligations.

Each member of a limited liability company is entitled to rights in proportion of the stake in the capital he owns. This applies to the partner's voting power and right to a share in the profits and the assets upon the winding up of the company.

The Commercial Code lays down liberal terms for investment in limited liability companies. Foreign investors will find them acceptable and profitable. Under the law, persons are free to join and to leave a company, may transfer their share capital, their stakes are transactable and inheritable. A stake is subject to compulsory purchase solely in case the rest of the partners would not buy it up. The share capital transfer must be formalized as a transaction: it has to be conducted in writing, with notarized signatures and entry in the commercial register.

Foreign businessmen should be aware of a mandatory provision concerning the alteration of the memorandum of association which can only be amended by a decision of the general meeting which has been notarized, registered and advertised in the *Official Gazette*. A memorandum of association may be altered in terms of increasing the stakes, registering new stakes or admitting new partners. Should the capital be reduced, however, special proceedings have to be conducted under the law to safeguard the interests of creditors. In this case, the decision to reduce the capital has to be advertised in the *Official Gazette* first, and the notice should state the company's readiness to guarantee the receivables or to pay the debts to creditors disagreeing with the reduction. Within three months of this notice such creditors have to raise their objection in writing. Only after they are satisfied, the company may enter the capital reduction in the commercial register.

The Commercial Code lays down terms for a dissolution of a limited liability company: by a decision of partners holding at least two thirds of the capital, through merger

with or incorporation into another partnership, on bankruptcy or under a court ruling motivated by important reasons or illegal activity.

[12 Jul p 5]

[Text] The joint-stock company is a business association of particular interest to major investors. The Commercial Code lays down democratic and liberal terms for joint-stock companies which can be formed in Bulgaria by both Bulgarian and foreign nationals and juristic persons. The legal regulations contain a minimum of imperative restrictions which concern above all the least amount of capital required for the formation of a joint-stock company. This minimum depends on the method of its raising: it is 5 million leva if the capital is raised by public subscription and one million if raised without subscription. A banking or insurance joint-stock company should raise at least 10 million leva in capital to commence business. The minimum nominal value of one share is 100 leva, and the value of a share should be a number divisible by 100. The value of the capital and of the shares must be expressed in leva terms only.

The Commercial Code allows the formation of joint-stock companies in Bulgaria by the two commonest methods used in the industrialized countries. One of the methods is to raise the capital by public subscription. The other method is to form the company by a resolution of a constituent meeting at which the capital is distributed among the founding members.

The law lays down certain mandatory requirements which must be satisfied to have a joint-stock company registered. First, the articles of association must be adopted, second, the entire capital must be subscribed, third, 25 per cent of the capital must be paid up and, fourth, the company's governing bodies must be elected.

Foreign partners should be aware of the legal regulations concerning shares in the Bulgarian Commercial Code. The Code regulates the two principal classes of shares, most commonly used in world commercial practice: registered stock and bearer stock. A joint-stock company may also issue preference shares. They entitle the holder to a guaranteed or additional dividend or a share in the distribution of assets upon liquidation of the issuing company or to other preferential rights. Under the articles of association, however, preference shares may not carry voting rights in general meetings. The interests of nonvoting shareholders enjoy special protection under the law in cases when the general meeting of shareholders makes decisions concerning preference shares.

Upon acquisition of registered stock, the name of the owner must be recorded into the issuing company's share register. Unlike registered stock, whose payment may be deferred, bearer stock has to be paid upon acquisition. The share price may be paid in money or by transfer of rights to movable and immovable property, receivables, know-how, etc. Bulgarian law sets an imperative requirement for share pricing: the price at which the shares are sold (the subscription price) may not be lower than their nominal value.

Bulgarian law treats shares as a form of security and subjects them to the appropriate regulations. Thus, shares are documents giving title to membership in a joint-stock company, including the right to vote, to a proportion of distributed profits (dividend) and of residual value if the company goes into liquidation (liquidation quota), to oversight of the acts of the company bodies and to inquiry into their operations. If a holder cannot produce a certificate stating mandatory particulars, he loses all these privileges and his share is voided.

One important advantage of the legal framework regulating joint stock companies are the two types of management structure allowed by the Commercial Code: two-tier and one-tier. The former type consists of a general meeting of shareholders and a management board. The general meeting comprises the voting shareholders who may attend in person or by proxy. Under Bulgarian law, the general meeting exercises the principal managerial functions: it amends the articles of association, alters the capital, reorganizes and winds up the company, etc. In a two-tier management system, the management board is elected by a supervisory committee and manages and represents the company directly. The supervisory committee oversees the operation of the management board. In a one-tier management system, the affairs of a joint-stock company are managed collectively by a general meeting of shareholders and a board of directors. The board consists of not less than three and not more than nine members. The board of directors represents the company. There is no supervisory committee in a one-tier management structure.

In both systems of management, the members of the board of directors, the supervisory committee and the management board are limited to a five-year term of office. The members of the supervisory committee and of the management board represent the company collectively, save as otherwise provided by the articles of association. However, any transaction entered into by any of the company's authorized officers binds the company even if the transaction exceeds the limits of the company's objects and the said officer's powers of representation.

Managerial Market Income Levels Discussed

91CH0784C Budapest FIGYELO in Hungarian
11 Jul 91 pp 1, 7

[Article by Zoltan Meixner: "Labor Market Versus Manager Market: Inflated Income?"]

[Text] While the cabinet would like to avoid even the semblance of influencing managerial income—the regular recording of which it discontinued for this reason—the public is expressing an increasing sense of aversion to the stratum, which is becoming increasingly rich. In the public view, enterprise managers are included in this category.

Hungarian society increasingly resembles a bee hive in which workers would use their poisonous stings to kill drones. If they would know who those drones were, of course. But since they do not know their identity, their anger is directed against those whose life styles show a spectacular improvement—not to the least as a result of the ever mounting waves of populist demagoguery. Thus, it comes as no surprise that most enterprise managers we asked about their salaries hide behind the veil of silence.

"This is a small town, thus the amount of my salary would be devoured as a delicacy, even though my income is not excessively high. My income exceeds the salaries of second echelons enterprise managers by only ten thousand, plus a few thousand forints, and my income amounts to only between 2.5 and three times as much as the average income earned by employees at the firm." This is the way the Balaton Fuszert (retail grocery) president, Zoltan Devenyi, revealed the details and the reasons. Labor Affairs Ministry division chief Laszlo Popper's view practically coincides with this statement. "In the United States for example, they make no secret out of top managerial salaries. But no one is envious about the money they make. The principle of successful work exerted for the purpose of a large production volume is accepted by the Hungarian public only in principle. So much so that managers refuse to publicly reveal their salaries by invoking privacy rights, for fear of being attacked."

Market Conditions

This conduct is natural and understandable of course, considering the fact that real wages have continuously decreased for the past 10 years. A feeling of uncertainty caused by increasing unemployment also contributes to this situation. The latter also means that most employees try to sell their labor in a market where supply is abundant. In contrast, in the managerial market we find a significant demand. This then raises salaries on the one hand, and places people into well paying positions, people who on the basis of their abilities and qualifications would be unlikely to get into higher positions elsewhere. But managerial income cannot be measured with a single yard stick.

The situation varies between enterprises under state administrative supervision, companies which have been privatized, joint enterprises and private enterprises. The sole common characteristic is that as far as molding their own future is concerned, managers are in a much more favorable position than the average employee. This is so in part because on an absolute scale the managerial stratum is mobile, the idea of changing residential locations—an unresolvable problem for the rest of the employees—causes no problem to managers, while in part a manager is able to find an appropriate job even if he quits a leadership position in an otherwise hopeless enterprise.

Whether this situation is acceptable is a matter of taste. In any event, economic system change would be inconceivable without a functioning managerial market. And further: a significant part of firms and their respective managements which experience adverse market conditions is not necessarily to be blamed for the momentary situation of these enterprises. (Consider the collapse of Eastern markets, loss of domestic markets as a result of terminating monopolistic situations which evolved in the planned economy, etc.) Consequently, based on their qualifications these people may continue to be fit for the performance of managerial functions. Just how the managers of firms, particularly those under state administrative supervision, would fare in a demand market is another question. Based on existing compensation guidelines an enterprise manager is entitled to premium payments only if the firm is profitable. Moreover, an enterprise manager is entitled to salary increases only to the extent that the employees' average income increases. This tacit agreement between the government and the managers is functioning, and based on that managers must share the fate of their firms. Under such circumstances one cannot really expect managers to reject favorable offers, even if based on the public view it would be appropriate for an enterprise manager not to escape from the sinking ship, leaving behind everything. At the same time the government has no choice but to idly observe the loss of its best professionals.

Common Fate

"The harmony between managerial income and performance will be restored as privatization progresses. A manager's unfitness for the job will be revealed within a few months, and the owners will certainly relieve such managers. This will bring about a change in the public perception of managers, which at present evolves on the basis of external indications.

"Although many are irritated, and will continue to be irritated by the use of Western cars owned by enterprises, by the well dressed appearance of enterprise managers and so on, these are indispensable fixtures of doing business by now," according to Devenyi.

Except for the fact that precisely these conditions cannot be guaranteed in every instance to enterprise managers by the state. In more accurate terms, in all probability

the state could provide to managers what they needed, but since the state was unable to proclaim such principles with respect to all personnel in such enterprises, they would not proclaim such a principle in regard to management either. Not even in a crisis era when the worth of good management appreciates. This is so because significant assets may be saved for the future with the help of good management.

"I do not believe that a statement of general applicability could be made in regard to managerial income. Some are underpaid, others are overpaid. In many of them a certain puritan frame of mind and pseudo pudency exists, they don't demand what they are rightfully entitled to. Others, on the other hand, play clever games and acquire a rather high income without merit. This is particularly true with respect to some enterprises with enterprise councils, unfortunately, these belong to nobody, where an undeniable intertwining of interests between the enterprise council and the No. 1. leader of the enterprise exists," according to Sandor Gressai, president of the Salgotarjan Iron Foundry and Stove Factory. He also serves as deputy chairman of the National Association of Employers and Managers, and is chairman of the ethnics committee of that organization.

But even if the volume of assets operated and the number of employees at state firms far exceed those in private and joint enterprises, managers in state owned enterprises or companies cannot even hope to receive the same treatment and income as managers in private or joint enterprises. Perhaps crisis managers are the only exceptions. Based on preliminary agreements, they are entitled to receive rewards even if unable to turn a losing trend into profitability from one year to the next.

There is one reason why the political demand for exchanging this manager stratum does not make sense: Their income is below the average amount of income offered at the managerial market. The supply on the market expresses the fact that "an enterprise manager should not be forced to earn income through means other than providing executive direction. A person unfit to perform his job will soon be told to leave. For this reason, the salaries derived on the basis of this kind of bargaining are not likely to arouse the public.

"On the other hand, the ethics committee of the Association of Managers did not find a single instance in which it had to involve itself for reasons that an enterprise manager forced out for himself and excessively high income, or in the reverse, for being unfairly short-changed of an appropriate income," Gressai said.

Confidence

Despite all this, managers are afraid to reveal their income in public. Gressai is unique from this standpoint because he does not deny his annual gross salary of 1.5 million forints which he does not regard as excessive considering the performance of his enterprise. According to estimates, his salary is close to the average salary earned by enterprise presidents throughout the country.

But the government is also afraid of pressing for the revelation of such data, because it wants to avoid creating the semblance of intending to influence or control such salaries.

This is because, according to Popper, "we must win the confidence of enterprise managers. The country's future depends on them in many respects. At the same time the political sphere is performing a balancing act in a delicate sphere, because social peace must be maintained."

Yes, but the populist demagoguery we already mentioned attacks this stratum most. And the cabinet must decide soon to whom or to what it grants concessions, whether it be to economic rationale or to the calculated incitement of passions.

Banking Scheme May Relieve Standing in Line

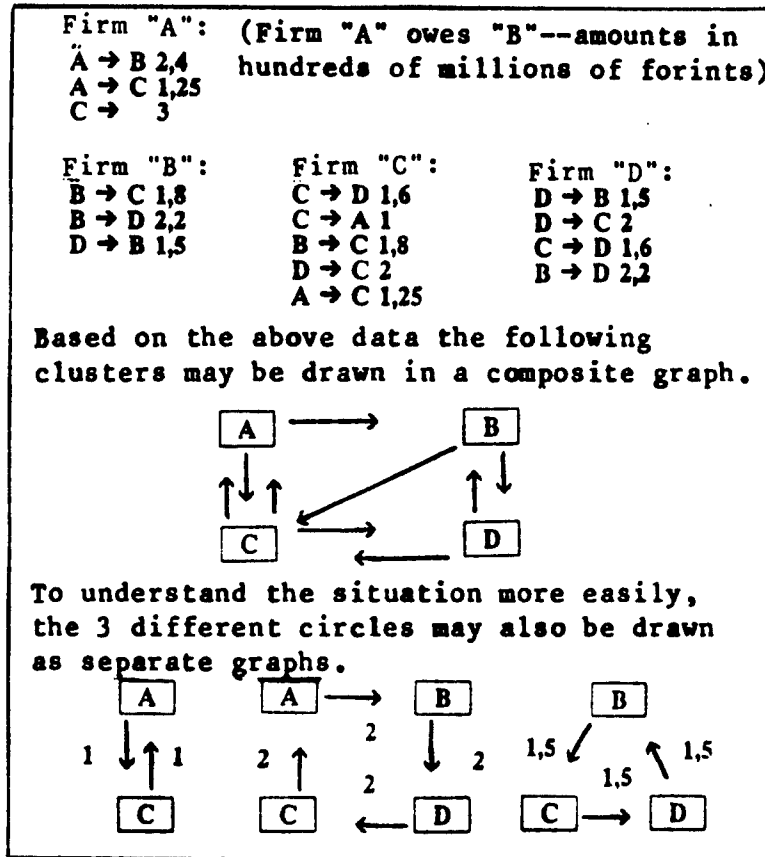
*91CH0784D Budapest FIGYELO in Hungarian
11 Jul 91 p 18*

[Article by Katalin Ferber: "Budapest Bank Forms New Limited Liability Corporation, KFT; Possible Relief From Standing in Line"]

[Text] Daily newspapers reported not too long ago that BB [Budapest Bank] would introduce a new service designed to relieve the mutual indebtedness of Hungarian enterprises. Its name is "Circular Note." In exchange for an annual membership fee and service fees users may determine within a short period of time whether they are insolvent or if their receivables and payables are only frozen.

Essentially a Circular Note consists of notes which are negotiable only to a limited extent, and which settles at least a large part of enterprise accounts payable and receivable without involving cash. Some estimates hold that the volume of frozen enterprise accounts receivable and payable in Hungary amount to at least 300 billion forints, 40 percent of which constitutes mutual indebtedness.

Based on data provided by enterprises, the BB-A [name of new KFT] would form clusters of indebtedness which may be settled without the involvement of money by turning over a single circular note. BB-A would treat enterprise data confidentially, of course. This system would be advantageous to all business organizations, because their liquidity would improve, a clearer picture would evolve in regard to the financial situation of a given firm, and thus not even the provisions of the new accounting law taking effect on 1 January 1992 would have a fatal effect on the enterprises. One of the advantages provided by the circular note to be introduced by BB-A is that it cannot be discounted, in other words: it can be used for no other purpose than to satisfy given receivables and payables.



Let us take a look at a specific example in which, in order to simplify matters, we will designate the various enterprises with letters of the alphabet. These enterprises provide the following data:

Accordingly, it is apparent that we must turn over three notes representing various amounts in order to settle the highest amount of accounts payable-receivable that can be achieved under best conditions.

Based on data provided by enterprises the total amount of indebtedness is 15.75 million forints. The total amount of accounts payable-receivable that may be written off as a result of notes is 14.5 million.

The remainder would be picked up automatically as part of the next Circular Note.

Power Struggle Surrounding AVU Described

Nature of Conflict

91CH0786A Budapest FIGYELO in Hungarian
11 Jul 91 p 1

[Article by Gabor Karsai: "Privatization: Prejudices and Power Considerations"]

[Text] We quote from our 23 May issue: "In the next few days following approval by the Economic Cabinet, the cabinet itself will discuss the proposal entitled 'The

Government's Ownership and Privatization Strategy'." Since then such discussions not only failed to take place, but unexpectedly, the Finance Ministry thoroughly revised the document prepared by the Ownership and Privatization Committee which previously was subject to cabinet approval only. The Finance Ministry expects the Economic Cabinet, and thereafter the cabinet to approve the revised document. According to information leaked earlier, one of the most important changes in the revised document pertains to the future of the State Property Agency [AVU]. The revised provisions recommend the breaking up and reduction of the influence of the agency which was regarded as having "virtually unlimited" powers on the one hand, and would subordinate the AVU successor to the Finance Ministry on the other.

In our 23 May issue we already established the fact that the committee's proposals were virtually totally devoid of an analysis of the privatization process to that point, and many things appeared as having an ad hoc character. These findings also apply to the same extent to the Finance Ministry's alternative proposal, except for the fact that prejudices and power considerations are different. Just as a year or a year and a half ago the campaign focused on managers who squandered national assets and salvaged their own power, at this time—as this could be surmised—the focus is on the bureaucratic functioning of the AVU established to

prevent such squandering and salvaging of power. At that time, managers regarded as having unlimited power were criticized, at this time criticism is leveled against the AVU regarded as having unlimited power. A more selective approach or self-criticism are rather rare phenomena. For example, the AVU minimizes the slowness of its programs, while the Finance Ministry seems to be oblivious of the fact that spontaneous privatization was after all not really a streamlined process. Apparently, missing from the privatization strategy is a clear cut statement according to which maximizing revenues and establishing the future of enterprises—opportunities to attract capital, the effects of employment, the market position of enterprises—is a task that involves the making of optimum choices which is significantly influenced by the interests of those who take part in the decisionmaking.

For this reason, constructive criticism of privatization is possible only if such critique also demonstrates the clashing of interests between the criticized and the proposed methods. Short of that the possibility that critiques of privatization are guided only by peculiar power considerations should be of concern. According to AVU Managing Director Lajos Csepi, the privatization strategy revised or developed by the Finance Ministry belongs to the latter category. On the other hand, Zoltan Nagy, head of the ministry's cabinet office categorically denies this assertion.

AVU Report

91CH0786B Budapest FIGYELO in Hungarian
11 Jul 91 pp 13-14

[Article by Istvan Csillag: "Privatization: The View From Vigado Street"]

[Text] Thus far, about 2,200 firms were involved in privatization in Hungary. The book value of the assets owned by these companies amounts to 1,890 billion forints. This is what the proposed 170 page draft report prepared by the AVU [State Property Agency] for the National Assembly states.

Since the establishment of the AVU on 1 March 1990, transformation of some 160 enterprises into business organizations has begun. The book value of their assets amounts to 203 billion forints. Transformation of more than 50 enterprises is complete, while the intent to transform expressed by 12 firms has been rejected by the AVU on grounds that these firms intended to nullify the preprivatization law or that their proposal was unacceptable because of the disadvantages they would have presented to the state. Some of these firms are making a renewed effort to transform, based on modified plans.

The process of transformation is once again accelerating. The fact that the AVU's privatization programs stimulate enterprises to initiate their transformation in order to avoid falling under the AVU programs, and because the process started by enterprises can be better influenced by the enterprises than the AVU program, may

have played a role in this. While last year—the period subject to examination—the ratio of foreign capital in transformed enterprises was 11.9 percent, this ratio has doubled or tripled this year. Foreign capital interest concentrates primarily on road construction enterprises, sugar mills, distilleries, the tobacco industry, beer breweries, and commercial enterprises.

From the AVU's viewpoint, transformation has its own characteristic conflicts. Enterprises do not strive to realize the highest possible revenues, instead they endeavor to cooperate with their traditional partners. Foreign investors often try to acquire their chosen enterprises by taking advantage of personal relationships, rather than pursuing business negotiations. Certain buyers intending to invest prove to be insolvent. Since revenues acquired from the sale of business shares and stock received in the course of transformation serves as the main source of funding of local government functions, they try to escalate the value of arable land which constitutes the legal basis for such revenues as high as possible. This a peculiar source of tension. They do so in disagreement with calculations provided by independent appraisers.

Protection of Assets

In general, cases involving the protection of property involve the privatization of parts of enterprises located in places other than the enterprise itself. Of the 153 transactions the AVU rejected 24. The judging of these situations is based on three criteria. Whether it is appropriate to sell such property, whether the sale of assets planned to be contributed in the form of capital leaves a possibility to privatize the "remaining" enterprise, and, because in such cases privatization revenues remain with the enterprises, whether there is a threat that the enterprise will use up the assets.

The critical point in capital contribution cases occurs when on occasion foreign partners try to enforce conditions as part of cooperative agreements, e.g., the establishment of perpurchase rights, the exclusion of competitors from tender invitations relative to the enterprise as a whole. These have an unfavorable effect on subsequent privatization. A majority of the actions disapproved involved the sale of assets which merely aimed for the immediate coverage of losses.

Programs

Consistent with the cabinet's privatization policies the AVU began to initiate active privatization programs beginning in September 1990. Three programs and one coordinated group privatization program were started by May. Taken together, these programs affected between 130 to 150 enterprises and between 160 billion and 170 billion forints worth of assets owned by these enterprises.

About 300 consultants competed for the privatization of the 20 enterprises included in the First Privatization Program. The selection of winners has dragged out for about four months. Progress in privatization was also set

back by issues attending the consummation of consultant agreements. Since a larger part of these fees came in the form of World Bank loans, the text of the overall agreement had to be reconciled with the World Bank in several rounds of negotiations and the account from which consultant fees could be paid was opened only in May. Despite the fact that at the time the program was announced the selection criterion was the profitability of an enterprise, the financial situation of several enterprises has turned unfavorable by now. Provided that the program is successfully implemented, one may count on between 30 billion and 40 billion forints in state revenues. Based on schedules verified by consultants more than half of this amount is due this year.

The goal of the Second Privatization Program was to privatize the so-called vacated enterprises. The program covered all state enterprises which operated at least 50 percent of their assets in the form of capital contribution and/or as leasing or rental contracts as business organizations. There are 60-80 enterprises like this, and the inclusion of between 10 and 15 additional enterprises every two months is planned. The management analysis of the first group is complete. A majority of the enterprises involved in this program operates under very difficult, often confused financial conditions, and thus state revenues that may be expected as a result of their privatization are insignificant. If a given firm's financial situation does not enable the sale of such enterprise as a "live" enterprise, the AVU has the authority to initiate liquidation proceedings.

The purpose of streamlined privatization in regard to the historical wine producing regions is the attraction of substantial capital investment, the expansion of the market and the improvement of quality. Initial negotiations with the leaders of enterprises and companies that are part of this program took place in May. The fact that parliament has not yet adopted laws pertaining to local governments and to cooperatives causes uncertainty at present.

The goal of the Construction Industry Privatization Program is to establish smaller organizations that are more sensitive to the market and better equipped from a technological standpoint. Of the 36 initially selected enterprises, between 10 and 15 profitable firms will be selected to be privatized on a programmatic basis. The organization of this program is similar to the First Privatization Program.

Initiatives

The AVU began its so-called investor initiated privatization program in February 1991. In the framework of this program an investor can make an offer directly to the AVU for the purchase of a state enterprise or for state owned shares (stock) of state property managed by a company. In the course of three months between 200 and 250 intentions to invest were announced. Between 10 and 15 percent of the property involved are assets under AVU authority, between 50 and 60 percent consists of

small units which may be severed from state enterprises, 10 percent involves transactions in progress in the framework of spontaneous privatization, while between 10 and 15 percent pertains to the purchase of medium sized or large enterprises as a whole or in part, and for the purchase of stock. The size of these transactions ranges from 1 million to 2 million forints on the lower end of the scale all the way to 1 billion to 2 billion forints. The judging of offers for the purchase of units which may be severed from state enterprises is particularly complicated, because in such instances the enterprises involved must be placed under state administrative supervision while at the same time the possibility to privatize the remainder of the enterprise must also be considered.

Of the 50 enterprise headquarters included in the downtown office building program 12 building remained part of the first phase of the program following negotiations with ministries and with local government. Parts of these office buildings were previously leased. Sixty-two leasing agreements have been consummated within the buildings withdrawn at a monthly rate of between 6,000 and 36,000 forints per square meter. Raising the standards of these buildings to an internationally recognized state of the art level, the utilization of the buildings consistent with market principles and the collection of rental fees will be the function of the Office Building Limited Liability Corporation. Foreign investors manifest great interest in these pieces of real estate.

The AVU is authorized to place state enterprises under state administrative supervision. Thus far such action took place in 48 instances. In 11 cases such action involved the liquidation of so-called vacated enterprise headquarters, in 12 instances it occurred in the course of implementing the office building program, 15 cases involved the implementation of the enterprise privatization or reorganization program, and 10 cases were justified on the basis of protecting state property. In most instances these decisions were made at the initiative of the specialized ministries involved, and were based in every instance on negotiations with these specialized ministries.

Initiation of the small enterprise Self-Privatization Program may be explained by the fact that only a few enterprises initiate privatization within this group, at the same time, however, these firms find themselves in impossible situations at an accelerating pace, as they consistently lose assets. The AVU will perform only a controlling function in the framework of this program, functions related to privatization will be performed by firms selected on a competitive basis. Some 600 small enterprises subject to privatization may freely select expert firms from a list of these firms. In the AVU's opinion, as a result of the rapid consummation of transactions, the selling price of these small enterprises will be relatively depressed. The reason for this is the simultaneously appearing large supply, and in part the anticipated significant endeavor by employees and managers to buy out these enterprises.

Consistent with the law governing the AVU, the AVU has begun preparing the designation of assets to be transferred without compensation to the Social Security System. Before making such designation, however, a law defining investment rules to be followed by the Social Security System is needed. In the AVU's opinion, the Social Security System should not be permitted to exercise voting rights tied to the ownership of stock, and the Social Security System should not be able to acquire in any company more than a 5-15 percent ownership share. Whether the Social Security System manages its stock centrally or by way of a property manager who pursues such activities as a business needs to be specified. In the latter case, the proportion of assets any given property manager may handle also needs to be defined.

The Economic Cabinet viewed privatization as one possible method to manage the crisis of certain enterprises affected by the collapse of the CEMA market. The AVU requested eight international investment banks to examine the feasibility of selling the 15 enterprises recommended by the Ministry of Industry and Commerce to foreign investors. Four enterprises did not want to take advantage of this opportunity, with respect to another four enterprises the foreign consultants did not envision a possibility of privatization by selling these to foreign investors, and regarding seven enterprises the consultants promise to present possible foreign partners by fall.

The AVU claims that as of recently requests were received from several sides for the AVU to render bankrupt enterprises functional. The AVU believes however, that generally, this task is more appropriately performed in the framework of liquidation, because the AVU has neither the required legal authority nor the financial means to reorganize these enterprises prior to their privatization.

Revenues

The AVU's 1990 revenues amounted to about 0.7 billion forints, derived mostly from the sale of stock and business shares, and to an extent of less than 10 percent from preprivatization. About three-fourths of the revenue was realized in foreign exchange. During the first quarter of 1991 revenues amounted to 2.7 billion forints, this has increased to 4.8 billion forints by early May. Eighty-six percent of these revenues is in the form of foreign exchange. In addition to revenues derived from sales, about ten percent of the revenues represents dividends, and a negligible amount rental fees.

The legislative intent to the 1991 budget law stipulates privatization revenues in the order of 40 billion or 50 billion forints, which should be expended mainly for the repurchase of housing bonds. But since the 1990 property policy guidelines are still in force, privatization revenues may be expended only to directly defray the state's indebtedness. At the same time, various interest groups would like to receive significant amounts of privatization revenues for their own use. The AVU

regards this intent as dangerous. At the same time, the AVU's calculations indicate that it would be possible to reach the 40 billion to 50 billion forint projected privatization revenue level this year.

Finance Ministry Proposal

*91CH0786C Budapest FIGYELO in Hungarian
11 Jul 91 p 15*

[Unattributed article: "The Finance Ministry's Privatization Proposal"]

[Text] The following summarizes the main elements of the privatization and ownership strategy developed by the Finance Ministry. The final provisions were scheduled to be complete during the first week of July, one may presume that the Economic Cabinet will have dealt with this alternative proposal by the time this issue appears on the news stands:

1. The primary purpose of privatization is the establishment of a market economy. Reduction of the state's indebtedness is not the least function of privatization.
 2. The privatization process must result in radical changes both in the conduct of persons and entities involved in the economy, and in the functions of state institutions.
 3. The ratio of state enterprises must be reduced below 50 percent of the present level by 1994. An increase in the ratio of foreign capital from the present 3 percent to a 30-percent level by 1994 would be desirable.
 4. Based on this perception no property transfer should take place without compensation, except in the course of the indemnification process.
 5. At least two-thirds of the revenue derived from the sale (privatization) of presently existing state property must be expended for the purpose of reducing the state's indebtedness.
 6. Decentralization is the most important goal insofar as the framework of institutions which serve privatization is concerned. Consequently the AVU [State Property Agency] may direct the privatization of only certain enterprises.
- The remaining enterprises must privatize themselves independently, with the involvement of persons and institutions present in the market. Accordingly, the state (or its institutions) only oversee the process and provide professional assistance.
7. It logically follows from (6) above that the AVU's present scope of functions and operating rules, including the functions of the AVU Council of Directors must be changed.
 8. Privatization cannot be successful without dismantling monopolistic organizations and liquidating monopolistic situations. For this reason, significant steps must

also be taken to develop the institutional system which has the responsibility of doing so.

9. All present cooperative property must be deeded to members of the cooperatives in the form of special securities. Land reform must be implemented in a manner that a majority of arable land is transferred to private ownership.

10. Within the so-called human sphere (in culture and in science), privatization must be realized by adapting to the peculiar needs that exist in these fields.

Impairment of Contractual Obligations Upheld

91P20433C Budapest MAGYAR KOZLONY
in Hungarian 6 Jun 91 pp 1134-1145

[Editorial Report] Budapest MAGYAR KOZLONY in Hungarian No. 61 of 6 June 1991 pp 1134-1145 carries the text of a Constitutional Court Decision in which the Court rejected 177 petitions signed by 1,796 individuals, "social organizations, cooperative associations, lawyers' and legal counsels' cooperatives, and village and residential communities" to declare unconstitutional Paragraph 226 Section (2) of the Civil Code of Laws and Paragraph 64-68 of Law No. 104 of 1990 concerning the 1991 state budget and state administrative management. Petitioners are parties to various types of low interest housing loan contracts consummated with the state, and claim that the legal provisions cited impaired the obligation of these contracts. The impairment occurred when Law No 104 of 1990 changed the financial terms of contracts consummated between Petitioners on the one hand, and the National Savings Bank [OTP] and other savings institutions on the other, to the Petitioners' detriment. The original contracts were based on legal provision promulgated prior to 1988, at which time the OTP and other savings institutions were part of the state and acted under blanket authority received from the state.

(A) Paragraph 226 Section (2) of the Civil Code of Laws was enacted in 1959 as part of Law No. 4 of that year. It provides that "the substance of contracts consummated prior to the effective date of a given legal provision may be changed by such legal provision in exceptional cases only." Petitioners claim that this provision provides an opportunity for state interference with contracts and therefore violates the principle of constitutional statehood declared in Paragraph 2 Section (1) of the Constitution. The provision also conflicts with Constitutional Court decision No. 13-AB of 18 June 1990 which regards the liberty of contract as a substantive element of a market economy, and thus also violates Paragraph 9 Section (1) of the Constitution.

In this regard the Court (1) recognizes a global trend of increasing state interference with private contracts and individually cites as examples (a) all aspects of antitrust laws (i.e. restriction of competition, monopolistic practices, abuse of economic superiority, mergers and combinations, restrictive standards, consumer protection)

and (b) environmental protection laws. "Accordingly, a great change is taking place in the field of contracts, [private] contracts assume a 'public law character'." (2) Further, the Court justifies the ex post facto application of laws to existing contracts on the basis of significant societal interests, particularly in regard to long term contracts which present greater risks to the contracting parties and might contain provisions which were included without the foresight of future circumstances. In such cases, the Court recognizes the possibility of judicial, legislative as well as executive (decrees) remedies intended to restore the economic balance upset by changes of a societal scope. (3) The Court defines the liberty of contract principle as one which enables parties to a contract to freely determine the provisions of the contract and to deviate from such provisions on the basis of mutual consent. Contracts are consummated in due regard to external factors that exist at the time of consummation, and to "rationally foreseeable risks." Substantial [economic and social] changes during the life of a contract warrant the changing of the contract; such cases constitute the "exceptions" and whether a given case constitutes an "exception" must be determined by the judiciary—by the Constitutional Court if the changes are of a societal scope.

(B) Petitioners also challenged the constitutionality of applicable provisions of Law No. 104 of 1990 on 14 specific grounds, according to a summary prepared by the Court. These are: (a) lack of legal certainty which is part of the essence of a constitutional state, and specifically faith in, and the sanctity of contracts, the permanence of contract provisions which cannot be changed even by the state; (b) lack of international precedents; (c) the ex post facto character of the law; (d) the state's failure to guarantee the liberty of contract; (e) violation of fundamental civil rights not subject to limitation by law; (f) unilateral breach of contract on part of the state; (g) constitutional provisions guaranteeing the liberty of contract prohibit state interference with contracts; (h) violation of ownership rights; (i) infringement of national values proclaimed by the Constitution, such as the sanctity of the family and the existential security of youth; (j) discriminatory effects; (k) denial of equal opportunity; and (l) the violation of constitutional provisions concerning the equal distribution of the public burden.

In its argument the court describes the complex legal relationship that has existed at the time the contracts were consummated between the state and the financial institutions, and justifies the legitimacy of changing the contract terms on the basis of the Civil Code of Laws provision discussed under (A) above. The Court asserts that in consummating the contracts the meeting of the minds of the contracting parties should have extended to the risks presented by the challenged provisions of the Civil Code of Laws. Thereafter the Court categorically rejects each of the 14 grounds, by claiming e.g. that the meaning of legal certainty constitutes only a "relative stability" of laws; that the "rebus sic stantibus" principle

applies [a tacit condition said to attach to all international treaties, that they shall cease to be obligatory as soon as the state of facts and conditions upon which they were founded has substantially changed]; that the challenged provisions do not constitute ex post facto law because the changed contractual terms had only a future effect, and were not applied retroactively. In addition, the court minimized both the material damage suffered by Petitioners and the gain realized by the state.

(C) Although the majority opinion was signed by all nine justices of the Constitutional Court, in a "separate opinion" Constitutional Court Justice Dr. Geza Kilenyi [nominated to the Court by the Hungarian Socialist Party at the time of its establishment] wrote in part as follows:

[passage omitted]

"Paragraph 226 Sections (1) and (2) [of the Civil Code of Laws] are typical products of a historical era in which the state possessed public power, was the largest owner [of property] and a paternalistic organization which regarded itself as the beholder of public interest. These qualities were not separated but were instead blurred, and coupled with the thesis upholding the unity of power, served as practical reasons for virtually unlimited state interference with social conditions, thus including conditions established by civil law. The reference to the 'exception' contained in Paragraph 226 Section (2) has lost its significance under the above mentioned historical conditions and power structure, in essence the state exerted regulatory interference with conditions specified by civil law whenever it wanted to.

"Paragraph 2 Section (1) of the Constitution states that 'the Hungarian Republic is an independent, democratic constitutional state.' One of the substantive elements of constitutional statehood is legal certainty, which also has several components. One of these is the limitation of state interference, because the possibility of unlimited state interference holds natural and artificial persons subject to law in a constant state of legal uncertainty, and thus cannot be reconciled with the essence of constitutional statehood.

"Paragraph 9 Section (1) [of the Constitution] declares that 'the Hungarian economy is a market economy, in which public and private property enjoy equal rights and equal protection.'

"The above mentioned provisions of the Civil Code of Laws are as irreconcilable with the concept of a market economy as they are with constitutional statehood; operating capital avoids countries in which the state has a broad authority to interfere, interference which renders conditions under civil law uncertain and unpredictable.

"Neither a constitutional state nor a market economy can be established overnight. The evolution of both

involve lengthy processes in the course of which there is a need to establish new legal institutions and to perform large scale revisions of the previous legal system, among other matters. The latter necessarily affects much of the legal conditions that existed prior to the 1989 amendments to the Constitution (Law No. 63 of 1990).

"However paradoxical this may seem, in the course of 'dismantling' the etatist economic order and transforming it into a market economy, one cannot avoid applying certain measures of an expressly etatist character—as for example Paragraph 226 Section (2) of the Civil Code of Laws—on a temporary and highly restricted basis. In other words, in the course of establishing and fulfilling fundamental constitutional values like constitutional statehood and market economy, the state, short of a better solution, is forced to apply provisions of law which cannot be reconciled with the idea of a developed constitutional state and a functioning market economy.

"Considering the above, I concur with the view which holds that Paragraph 226 Section (2) cannot be voided with an immediate effect. This, however, should not have served as a reason for the Constitutional Court not to declare the provision unconstitutional and to void the provision with a subsequent effective date. Paragraph 43 Section (4) of Law No. 32 of 1989 concerning the Constitutional Court authorizes the Court to do so, and the widespread application of the method of voiding legal provisions with a two or three year 'delay' is widely known to constitutional courts or democratic countries with several decades of experience. This method provides legal certainty and renders the state's activities under public law predictable, just as a two or three year delay in the effective date of laws involving the economy provides legal certainty and predictability to persons involved in the economy.

"If the Constitutional Court intends to play a role—as it does—in the large scale transformation of the legal system and in this conjunction with public perceptions of the law, it must do so primarily by molding its own practice of decisionmaking."

(D) A partial dissent by Constitutional Court Justice Dr. Janos Zlinszky is based on the principle of equal protection. Justice Zlinszky objects to singling out persons whose contractual relations involve only certain institutions. Similar contractual relationships exist with other organizations, including employers, and the absence of appropriate record keeping on part of the state regarding the purposes of such loans must not be invoked by the state.

The Decision does not state whether petitioners acted jointly as a class, or individually, per petition.

Defense in Criminal Cases: Limitations Voided

91P20433B Budapest *MAGYAR KOZLONY*
in *Hungarian No 52, 18 May 91 pp 967-969*

[Editorial Report] Budapest *MAGYAR KOZLONY* in *Hungarian No. 52, 18 May 91* pages 967-969 carries the full text of a Constitutional Court decision declaring unconstitutional a number of Justice Ministry "directives" issued between 1973 and 1980 pertaining to the protection of state and so-called "service" secrets, to procedural rules for the proceedings of military tribunals and to provisions related to "notes" taken at trials involving secret cases. Petitioner Attorney Dr. Miklos Roth sought the annulment of these provisions on grounds that they were repugnant to the right to defense

guaranteed in Paragraph 57 Section (3) of the Constitution. The original petition applied to military tribunals only, but was subsequently expanded to include criminal cases adjudicated by nonmilitary courts.

The Court found that "persons subject to criminal proceedings are entitled to the right to defense in every phase of the proceeding" and that limitations imposed by the directives on the defendant's access to evidentiary and trial documents, as well as on the manner in which notice is provided to defendants, conflict with prevailing law and impede the opportunity for expeditious defense.

The provisions cited in the decision are null and void effective 31 December 1991.

Neighborliness Slow To Emerge at Zgorzelec

91EP0604A Hamburg DER SPIEGEL in German
No 29, 8 Jul 91 pp 146-156

[Article by Hans-Joachim Noack: "People Must Have Dreams; SPIEGEL reporter on Germans and Poles in the Double City of Goerlitz/Zgorzelec"]

[Text] An ostentatious wallhanging catches the eye as the dominant piece of decoration in the office of commander Jerzy Meller. Behind his desk, the slightly graying Polish eagle, now decorated with a brilliant yellow crown made of painted cardboard, spreads its wings on a dark red background. With a sense for practical solutions, the military everywhere has carried out a decision of the Warsaw parliament to reintroduce the old national emblem.

The officer is carefully noncommittal about whether he is comfortable with this return to the past. A suggestion of quietly contented amusement creeps into his angular features as, getting away from the context a little, he philosophizes about the "new freedoms." "Well, people must dream," his interpreter translates him as saying, "but there are anxieties and a great deal that is unfamiliar."

Major Jerzy Meller, 49 years old, commands a militia troop which guards the western section of the border in the province of Jelenia Gora—a piece of the world in which a great deal has been shaken to its foundations. Where once the fraternal socialist state of the GDR extended along the other bank of the Neisse, a united Germany is now busily building itself up (and occasionally generating unkind feelings).

If the bataillon leader steps out of his barracks on the outskirts of the city of Zgorzelec and looks over the short bridge, the abrupt upheaval comes to him in changed symbolism. The only reminder left of the shattered SED [Socialist Unity Party of Germany] state is a circular hole, the mount attached to a concrete strut for the hammer-and-compass emblem. In its place a city sign bears ostentatious greetings: "Welcome to Goerlitz, the largest Lower Silesian city in the Federal Republic of Germany."

If, the text suggests, there is a Lower Silesia in Germany, there must be another one in Poland—not to mention Upper Silesia. But the major ignores such allusions: "To write what one wants," he says quietly, "could well be the price that has to be paid in a democracy."

Of course it arouses his mistrust. On the other hand it is probably a relief to the commander that now "people from the old FRG," whose uncomplicated way he can appreciate, have moved up to take their place at the barrier. Meller's praise is directed at what is known as the advisory team which the Bundesgrenzschutz (BGS) has interspersed among the former GDR officials working at the Goerlitz check point. He is particularly happy with "their always cooperative leader."

His name is Willi Ecker, bears the title of police superintendent in the BGS and, in his casually skillful familiarity with the ways of the world, he embodies more the pleasant German. Anyone who has acquired experience on the border with France for half his professional life, like the 42-year old Saarlander, hardly becomes irritated by the problems in the east. "The Pole himself," his standard phrase casually thrown out like a refrain, "is a great guy; you can work things out with him."

Meller and Ecker supervise not only the technical procedures at the approaches to their bridge—one of the few halfway intact traffic links between the two countries and consequently heavily used. "Through the short official channel," says the policeman, meaning through immediate contact, "everything that piles up daily from a psychological standpoint" is "taken care of" at the same time. And occasionally a strong vodka helps to loosen any knots still remaining.

It is possible that the claim which has given a historical standing to the unpretentious structure for more than four decades is being fulfilled little by little. At that time, on 6 July 1950, the coercive Pankow state staged a gigantic show of renunciation. Led by the head of the government, Otto Grotewohl, flag-waving GDR citizens in the thousands marched across the "bridge of friendship" to cede the German territories in the east in the former Wilhelminian Hall of Fame.

The Zgorzelec agreement—an event that "burned itself like a beacon" in the memory of the director of the Goerlitz city hall archives, Peter Wenzel. The 55-year old still speaks enthusiastically of that day when, as a young Pioneer, he swapped his blue neckerchief for the red one of a Polish comrade. The "precious token," "documenting inviolable unity," was later worn by his daughter and after that by his grandchild.

The staunch SED, currently PDS [Party of Democratic Socialism] adherent and his family, somewhat woefully, feel themselves to have been run over by history. Although the contract—now called the German-Polish Friendship Treaty—was confirmed completely in its formal content on 17 June, it seems only now possible to put it to the test.

"Agreements that have been dictated to people are not alive," solemnly states the mechanic Jan Koszewski in Zgorzelec. Democracy, confirms industrial wholesaler Anna Lesniak, has left no doubt in her mind "that friendship only works in freedom."

Until further notice the organized togetherness that was imposed on the cities in the initial phase is now at an end. The (party) propagandists for socialist solidarity across the border, whose efforts were already severely impaired in the 1980's as the result of Polish martial law and the compulsory visa, have disappeared without exception. In the confusion of the turnaround even the mixed orchestra which played under alternating conductors has fallen silent.

As far as their collective relationship is concerned, the once flourishing clothmaking city of Hochburg Goerlitz, now wasting away and shrunk to 75,000 inhabitants, and its former eastern section (35,000) are stuck in a strange interim state. The democratic spokesmen on both sides of the Neisse consider it indispensable that there must be a discussion of the past as well. But there are still fears about making contact, foreign feelings predominate.

Anyone who lives in Zgorzelec on the banks of the narrow river can look in the windows of his German neighbor—and vice versa. And still the double city is mentally separated by a wall which is based on more than the always noticeable language barrier.

Via Regia—in commemoration of the trade route leading through Goerlitz in the Middle Ages, which linked the Holy Roman Empire with the Slavic East—is the name of a Meeting Center established in both cities. The club has helped teenager Ivona Krosta from Zgorzelec find a German dancing partner, but not very much else has come of it so far. Instead of seeking contact, complains board member Michael Schirmer, “paralyzing indifference” is spreading.

Is it any surprise that when the mayor of Goerlitz, Mathias Lechner, is asked for the name of his Polish counterpart, he is unable to give it? That is not ignorance, explains the Christian Democrat with little remorse, but “a result of the confusion prevailing over there.” After the third mayor in Zgorzelec tried his luck following the first free local elections last year, he simply lost track.

And over and above that they have their own problems en masse. The decay of the once-splendid Renaissance and Baroque city is now emerging so horribly into the general consciousness that even the U.S. news magazine NEWSWEEK carried an article about it. Who will save the houses, stop the flight of people who have become insecure, with an unemployment rate of almost 50 percent?

Matters look even gloomier in Zgorzelec—but as Ecker of the BGS puts it, “The Pole is patient.” While Lechner, 39 years old, sheepishly concedes his constant state of overwork, his colleague, Stanislaw Bukowiec, 45 years old, maintains his good humor with catchwords suggestive of self-encouragement. It neither appears to worry the independent powerplant manager that he is governing against the still-powerful Solidarity trade union nor does the dismal state of the treasury upset him. “No more money,” he says smiling and rubs his bushy eyebrows in embarrassment, “but future comes.”

The danger for both cities of becoming lost in a German-Polish backwater could work against the significance of the bridge. Since the West and the East have moved closer to one another, the narrow passage across the Neisse has changed into a type of European bottleneck. Scarcely a day goes by when the heavy trucks are not backed up in kilometer-long lines, snarling and rumbling.

Naturally the abrupt connection to the world of feverish activity and change also brings disquieting secondary symptoms. Incidents along the border are becoming more frequent in which international gangs of auto black marketeers are breaking through the barriers at night. Customs officials, fearing for their physical safety, make statements that they were “forced to take huge leaps into the bushes to escape.”

The wonderful old order is gone. Police Chief Dietger Herberg bitterly notes an increase of 300 percent in crimes against property compared with the peaceful times of the GDR—“and Poles are involved,” he blurts out vehemently. Often enough “Goerlitz cars are recovered in Zgorzelec stripped,” but he is not allowed to intervene.

The two city halls signed a treaty of cooperation. But they neglected the really necessary assistance between the two courts. Under the influence of winning freedom of expression, mutually widespread prejudices run rampant all the more. A Pole has stabbed a taxi driver in Goerlitz—ergo this must be taken up, says Mayor Lechner both desperately and bluntly, “and this again gives a push in the direction of a negative image.”

The neighbors demur. “I find the western Germans really all right,” insists mechanic Jan Koszewski, “but the ones over there...?” He says he wanted to avoid appearing impolite.

What Koszewski only hints at reluctantly is confirmed by textile engineer Wolfgang Welzel in Goerlitz, who is married to a Pole. In the years of socialist arbitrariness the much vaunted solidarity existed only in theory. “For example the perpetual bleating about people coming and eating all the food in our shops! My wife used to have to show her passport when she just wanted to buy raisins.”

In Zgorzelec such behavior creates a deep-seated mistrust primarily in the young generation. “If I go over there, I am a second-class person,” says Milosz Greszta in a German class at the Sniadecki Brothers Lyceum. And not only for him, for the majority of the students in the pre-Abitur class IIIB their former GDR contemporaries today are [considered] “somehow pretentious and clearly inhibited.”

The poor eastern Germans. From mason Roman Kosianczuk to Mayor Jerzy Meller the inhabitants in the “Polish part of the city” (Mayor Lechner) clearly prefer to deal with old western Germans—a preference that is reciprocated. Anyone working in Goerlitz as a western resident seems to find it more exciting to spend his free time on the other side of the bridge. BGS superintendent Willi Ecker likes to go to the discos there, to recuperate from the grey everyday work life with his “stolid eastern colleagues.”

The citizens of Goerlitz are proving recently to be quick at learning. The original apprehension that customers from the province of Jelenia Gora, freed from visa

requirements, would flood the local shops in their thousands, has turned out to be wrong. It is too expensive for the Poles. To the contrary, particularly on weekends, the possessors of hard currency are now drawn in droves to the eastern bank of the Neisse.

The market in Zgorzelec beckons, a city within a city, of enormous dimensions, constructed from weatherproof wooden stalls. Whatever it is that separates the people on the two sides of the river, it seems to be suspended here—in favor of the Germans. It is not just the currency exchange office that greets visitors in gleaming black, red, and gold. Most of the displays have signs in broken German (“Fresh farmers chickens eggs, helthy food”).

Opposite, the heroes cemetery lies forlorn, a memorial to the more than 20,000 Polish soldiers who lost their lives on this section of the front just between April and May 1945. That is now the past. The feelings of the present, at least their sales-promoting shallow expression, spill out of innumerable portable radios. The pop song “I Wept Tears of Love Every Day” seems to be a smash hit in Zgorzelec currently—in German.

Leather jackets or summer clothes made in cheap garment factories in Liegnitz [Legnica], garden statuettes made of papier-mache or genuine wartime German helmets—“Poland offers everything,” advertises 65-year old Vladislav Czulak, a former mine worker. That is the way it has to be: “Peace and freedom,” he is convinced, “are only made possible as a result of buying and selling.”

If only there were not these recurrent news reports with the unpleasant undertone. What does it signify if a so-called Independent Initiative Group of Lower Silesia calls for the registration of the expellees who have settled in their area? How, may I ask, inquires a teacher in Zgorzelec, Eva Kurdziel, is one supposed to interpret “that in the neighboring city the question of identity is suddenly brought up?”

The hatred of Poles, such as was expressed openly in readers’ letters in the tumultuous weeks of fall 1989, has subsided externally, but what does that mean. Subliminally it continues to flicker, agitates feelings at the regulars’ table and can be detected in a disguised form even in more refined gatherings.

It is certainly not just the citizens of Goerlitz who are responsible for what, in association with their name, has been causing uneasiness since the turnaround. The activities of right-wing radical circles, such as the “Deutscher Kulturbund” [German Cultural League], “which is actually based in Fulda, can be partially explained by the city’s exposed position. The most eastern municipality of the united FRG—at the same time the site of the “treaty of shame of 1950”—serves as a “bridgehead.”

Nationalist braggarts are constantly invading Goerlitz, like the “Bund fuer Gesamtdeutschland” [Pan-German League], which is staying at the Hotel Monopol. One of

its speakers drones on at the bar until long after midnight, tax officer Georg Paletta, formerly Hirschberger, now living in Nuernberg: Germany had “risen anew to become a world power, and the Pole stands alone.”

The next morning the criminal investigation department appears. They have been informed that the group was planning “to carry out an act of sabotage” on the bridge—but the group is incapable of any such act. The lot of them turn out to be a quartet of shaky old men softening their breakfast bread in their coffee.

The supposed action and its somewhat pathetic resolution testify to the nervousness which sometimes affects the city. A few skinheads, who announce “a demonstration,” are enough to put Police Chief Herberg on the alert. He arranges special shifts and has APCs [armed personnel carriers] patrolling the streets at walking pace.

Five adolescents in flying jackets who are seen at the Dicke Turm give rise to a nasty rumor that spreads in a short time as far as Zgorzelec. Commander Jerzy Meller orders his militiaman to equip themselves with helmets and truncheons. For the first time along the border since the end of the war “an attack from Germany” is thought to be possible.

Of course Meller does not believe in any attacks “that represent a true danger,” he only wants to make a show of watchfulness. Because who can know now whether the feelings of ambivalence that are mutually pushing each other higher will not straightaway turn into hysteria.

The fears on the Polish side of crazed neo-Nazis are matched by the horror stories that are circulating in Goerlitz. Is it not the case that almost every night people crossing the border illegally are fished out of the shallow Neisse river bed? There is growing concern that the hundreds of Romanians besieging the Zgorzelec railroad station could now trickle irresistibly into the city.

On the other hand, that which is a nightmare for the Germans, appears to have the effect of filling the Poles with hope, in spite of many difficulties. After the mayor of Goerlitz finally managed to find his colleague in office, the difference in their desire to cooperate is noticeable in their first “Bridge Discussion.” While Lechner is visibly restrained, Bukowiec is constantly developing “suggestions as to how the gate between us can be opened further.”

Even if the people in Zgorzelec are disturbed by Goerlitz’s search for a Silesian identity, their confidence outweighs their concern. The magic word that dominates everything following the opening and recognition of the border is “Europe”—a code word that stands not just for economic prosperity. The union with the EC, which is so eagerly anticipated, is resolving itself into the idea of true happiness.

Mayor Jerzy Meller and the young people in class IIIB are enthused in the same way about a Euro-Region. Then it could “easily become *one* city,” says schoolboy Tomasz Jakubowski, “because...Europe begins in Goerlitz.”

Report on Congress of Civic Alliance

91BA0934A Bucharest ROMANIA LIBERA
in Romanian 9 Jul 91 p 2

[Article by Sorin Rosca-Stanescu: "Civic Alliance Congress: A Civic Organization and a Political Party"]

[Text] One clarification before going into detail about the congress: The AC [Civic Alliance] has not become a political party. As it was particularly stressed in the official communique released to the media, it is still an apolitical group and will continue, through its specific methods and in cooperation with the Civic Academy, its "long-term efforts to reshape the mentalities and clear the minds, to encourage and consolidate a civic society in Romania, and to defend individual and national dignity by observing the basic rights and freedoms apt to give the world a more correct image of Romania." The AC political party sanctioned in the decision taken at the congress will carry out its activities and struggle through specific means different from those employed by the civic organization. The party was formed "as the political representation of the ideas featured in the AC documents: the Declaration of Principles, the Alliance Charter, the Charter of Basic Rights and Freedoms, the Economic and Privatization Program, and the Declaration of National Reconciliation. By its status and program, the AC party will involve itself in the political and electoral contest as a center party which will support a union of all the democratic parties in the struggle to establish a state of law and a privatized market economy."

Consequently, the existence of two separate leadership structures is not coincidental. The AC Steering Council, elected by secret ballot, is made up of Gabriel Andreevscu, Liviu Antonescu, Vartan Arachelian, Petre Mihai Bacanu, Peter Banyiai, Ana Blandiana, Delia Budeanu, Gheorghe Ceausescu, Emil Constantinescu, Iulian Cornateanu, Doina Cornea, Mircea Diaconu, Rodion Galeariu, Mihai Gheorghiu, Dumitru Iuga, Octavian Jurma, Eugen Leahu, Ioan Manucu, Viorel Oancea, Nicolae Prelipceanu, Traian Raia, Sorin Rosca-Stanescu, Mircea Sevaciuc, Valerian Stan, George Serban, Mihai Sora, and Radu Vladea. Eleven of the members of the Steering Council were elected to represent the AC Coordination Committee. Among them, Ana Blandiana was elected chairman, and Petre Mihai Bacanu, Emil Constantinescu, and Mircea Diaconu vice chairmen. Valerian Stan will serve as secretary. The AC Party has its own National Council, also elected by secret vote at the Congress. The council is made up of Alexandru Atanasiu, Calin Besliu, Lucian Buligescu, Dan Capatina, Radu Chesaru, Nicolae Constantinescu, Doru Cosma, Radu Dan, Smaranda Enache, Virgil Feier, Radu Filipescu, Vasile Gogea, Dan Grigore, Stere Gulea, Gheorghe Jovin, Nicolae Manolescu, George Navon, Emil Negrutiu, Paun Ioan Otiman, Alexandru Popovici, Vasile Popovici, Stefan Radoff, Ana Sincai, Stelian Tanase, Horatiu Tudorache, Nicolae Taranu, and Petre Vieriu.

The National Council is headed by an Executive Collegium made up of nine members. Mr. Nicolae Manolescu was elected chairman of the AC Party; the vice chairmen are: Ioan Paun Otiman, Alexandru Popovici, and Stelian Tanase; spokesmen: Alexandru Popovici and Radu Chesaru. Thus, by the end of the congress two organizations took shape, a civic one and a political one.

We meant today to present portions of the most important and interesting addresses made by congress participants. They would have illustrated the seriousness and responsibility that led to the adoption of this historic decision. We are not able to do so because the text would unforgivably exceed the print space at our disposal. However, the documents that were adopted contain the essence of the views expressed and we think that their discussion can serve to provide a faithful picture of what the AC congress marked in Romania's life. First we should mention the Declaration-Appeal regarding the Republic of Moldova, which points out that we must "never forget that the Prut river does not divide us, but serves to unite us." As we know, yesterday was decreed a "day of national mourning" in the Republic of Moldova. On Saturday afternoon, the AC requested in its appeal that a national campaign be launched to help the people of Bessarabia. The same evening, the government issued a positive response to the AC appeal. As it was decided at the congress, AC branches in the country and abroad will organize points for the collection of aid.

Another document adopted at the congress concerns the establishment of an independent television station as competition to the state television. The AC appealed to all the international organizations and governments in the free world for "moral, material, and political support for opening an independent television station in Romania and for putting the state television under public control." The document stressed that the economic and social downfall in Romania is the outcome of a profound moral crisis that cannot be separated from the manner in which the television, held by the authorities, has been manipulating and perverting people's minds through lies and insinuations, by sowing suspicion, division, and xenophobia, encouraging extremist ideas, and producing confusion among ethical values. Firm support for the achievement of the project of an independent television—a project that the Romanian authorities have been intentionally delaying—can have as its first outcome that the local elections scheduled for the fall will be not only free, but also informed. And finally, the third document adopted by the AC congress was an extensive "Declaration on the Linguistic and Religious Rights of Ethnic Minorities," in which the AC declared itself available to contribute by all possible means and in cooperation with all the democratic forces in the country and abroad to the adoption of an international convention on protection for minorities and historic reconciliation among the European nations.

What else must we not fail to add? First of all, the fact that the AC political party will cooperate with all the democratic forces, primarily with the main opposition

parties, in order to forge unity in the struggle for truth, freedom, and democratization of the country and that it will thus contribute to organizing and winning the local elections on the basis of common lists. The first party to have clearly realized the important role that the AC's political party will play was the National Christian Democratic Peasant Party.

Fazekas on 1989 Revolution, Politics, Minorities

91BA0934B Bucharest LIBERTATEA in Romanian
11-12 Jul 91 pp 1, 2

[Interview with former Romanian Communist Party official Janos Fazekas by Neli Luchian and Val. Voiculescu; place and date not given: "Ceausescu Was To Be Toppled in 1990"]

[Text] [LIBERTATEA] You are an "ex" big shot: Long-time member of the CPEX [Political Executive Committee] of the former Communist Party and deputy prime minister of the government. Do you feel handicapped by this status of veteran member of the *nomenklatura*, after the revolution of December 1989?

[Fazekas] No. First of all, I do not agree with the term revolution. There was no revolution in December 1989 because aside from the revolutionary condition of the people, the other conditions were not fulfilled, namely, the existence of a political program and of a leading political and military center. It was a revolutionary popular uprising. It would have been good if it had been a revolution, because in that case the economic, political, social, and cultural situation of today's Romania would have been much better than under Ceausescu. Unfortunately, however.... As for my political handicaps, I want to tell you that I had been opposing the ceausescuism and communism practiced in our country ever since 1982. I opposed it not by gossiping in corners, far from the microphones, but openly at a CPEX meeting when I learned about the intention to "topple" Verdet's government. I requested that Ceausescu not continue as president of the country (I proposed Voitec instead), as supreme commander of the Army, and as chairman of all those councils and committees, all positions that allowed him to lead Romania like as Asian autocrat. I requested that he hold only two positions: secretary general of the party (a post in which he could be replaced only by the congress, not by us in the CPEX) and prime minister. At the same time I also requested that those who contracted crushing foreign debts for the country be punished, and I opposed the irresponsible economic policy and Ceausescu's chauvinism. Among all the CPEX members, only Ion Ionita seconded me. I was ousted from the political committee and sent into retirement for health reasons at the age of 56.

[LIBERTATEA] Any other consequences?

[Fazekas] I lived like a pensioner under permanent watch. Fortunately I had good connections to some Securitate officers who helped me evade a good many of

Ceausescu's "eyes and ears." In fact, the Securitate had been assigned an important role in our strike force.

[LIBERTATEA] Are we to understand that you belonged to a subversive group under Ceausescu's dictatorship?

[Fazekas] Yes. Regardless of whether a popular uprising took place in December 1989 or not, he would have been toppled anyway. Our action was to take place in the spring of 1990. Its delay was due to several factors, one of which was the death of Ion Ionita, who was in charge of preparing the military aspect of the action.

[LIBERTATEA] Aside from Ion Ionita and you, of course, who else was in on the plot?

[Fazekas] When the time is right everything will be made public. What I can tell you now is that aside from politicians, myself being one of them, there was General Militaru, who should have remained a government minister after the December events.

[LIBERTATEA] What was the program of that movement?

[Fazekas] First of all, to arrest Ceausescu, Elena Ceausescu, and their clique: Dascalescu, Bobu, Dinca, Coman, and Manescu. And of course, Postelnicu, the only CPEX candidate member that needed to be isolated. We certainly would not have proceeded to make "wholesale" arrests like the regime established after 22 December did. I am against the mass denigration of the former Communist Party and its leadership, and against indicting on a generalized basis all those who were responsible for Romania's fate in the past 45 years.

[LIBERTATEA] You think, then, that the current court actions against some "ex's" are unjust?

[Fazekas] Yes. The people who were conducting the investigations under Ceausescu are still the ones doing it. The first step should have been to replace them. Anyway, our plans envisaged the arrest and trial of only a few people. We would have sentenced Ceausescu to death (we had also planned where to keep him in detention until the trial: somewhere in the Transfagarasan area), but we would not have executed him; instead we would have made him work and live in the same conditions that he had created for the people.

[LIBERTATEA] Did your movement, which had come into being inside the Communist Party, intend to restructure that system?

[Fazekas] I was and I still am a reform communist. Like Virgil Trofin, in fact, whom we wanted to entrust with the post of first secretary, but who in the meantime was killed by Ceausescu's men by putting arsenic in his food. We were indeed thinking of an essential reform of the system. In other words, we intended to introduce political pluralism (allowing only the existence of certain democratic parties) and separation of powers, and to give up every socialist practice that had shown itself to be impractical: the dictatorship of the proletariat, class

struggle, and man's exploitation by man. We also wished to dismantle the Securitate and to reorganize it (at which time it would have been reduced by 80 percent), to repeal the abortion law, raise peasants' pensions, and to restore the minorities' rights robbed by N.C. and his gang. I do not agree with those who say that Romania was a disaster in the past 45 years. All the mistakes of Ceausescu and his gang could have been rapidly straightened out by us, who knew where and what was done wrong.

[LIBERTATEA] Were you planning an economic reform, too?

[Fazekas] Of course. We had in mind a market economy, but not the way the current government wants to do it. I think that the Romanian people should no longer be deceived. Do the Romanian people want privatization and the restoration of capitalism? The answer to this question can only be provided by a referendum.

[LIBERTATEA] We're getting the impression that your beliefs resemble the ideology of Mr. Verdet's party. Is there any connection?

[Fazekas] I am a member of the Socialist Labor Party. I participated in its establishment and I am currently in charge of its ideological activities.

[LIBERTATEA] As its "theoretician," do you think that the communist system could still have been rescued?

[Fazekas] I'm talking about socialism, not communism, because I think that the communist ideology was never elaborated. Of course, the international socialist movement presented serious deficiencies. It failed to continue what had been positive in the bourgeois democracy: It reintroduced censorship and it eliminated the freedom of expression and political pluralism. But history did not begin with the Communist Party manifesto, but with the Bible.

[LIBERTATEA] What do you think of the current political situation of the country?

[Fazekas] We have a weak, inadequate government. The prime minister is inexperienced in administration and economy. Parliament is committing a grievous mistake by not replacing this government, which is unable to cope with the country's problems. Romania is one of the top 10 European countries from the viewpoint of economic potential. The government does not know how to properly manage the national wealth. The privatization, if at all, should have begun with the artisans and small-scale industry. I would have exempted such businesses from tax and I would have helped them develop. Then I would have secured raw materials for our strong enterprises. I would have expanded the competencies of the enterprises and ministries and would have eliminated the indexes. The current government went about it the wrong way. It began and ended by reducing trade to makeshift little stores. Romania can find talented leaders

capable of redressing the country's present crisis situation. It can find not only one team of valuable politicians, but several. If, for example, Mr. Ratiu were to become prime minister, I would be willing to sit in his government.

[LIBERTATEA] You are of Hungarian nationality. What do you think of the current relations between the Romanians and the ethnic nationality to which you belong?

[Fazekas] First of all I want to mention the need to strengthen the relations between Romania and Hungary. In 1956, during a discussion I had with Dej, he expressed the wish to form a state confederation of the countries in the Danube basin: Romania, Hungary, Czechoslovakia, Bulgaria, and Yugoslavia. The Soviets killed the project. Then came Ceausescu, who was against it. He was chauvinistic, anti-Hungarian, anti-Semitic, and anti-Soviet, perhaps because of the Ribentrop-Molotov Pact. What is certain is that steps must be taken to tighten the relations between Romania and Hungary. I suggested that Hungarian and Romanian history, literature, and language be studied in both countries on a reciprocal basis. That can be a beginning for rapprochement and understanding.

[LIBERTATEA] But what do you think of the relations between Romanians and Hungarians in Romania?

[Fazekas] I have to confess that I did not want to participate in the 20 May elections because in the discussion that wound up the electoral campaign none of the presidential candidates said anything about ensuring the collective rights of the minorities. I am still saddened by the fact that President Iliescu did not repeal the fascist decision to close down the Hungarian Consulate in Cluj. The authorities claim that if the consulate were to reopen, there are fears that Romanian chauvinists would burn it down. That's a lie, a slander against the city of Cluj, which is not inhabited only by people of Radu Ceantea's ilk.

[LIBERTATEA] What's your opinion about the Hungarian extremists and chauvinists?

[Fazekas] I have no opinion. I don't read them much. Perhaps another time we can discuss the national problem in greater detail.

Tudor's Speech at Police Academy

91BA0934C Bucharest ROMANIA MARE in Romanian 28 Jun 91 pp 8-9

["Text" of speech by Corneliu Vadim Tudor, chief editor of ROMANIA MARE, at Bucharest Police Academy on 14 June—first paragraph is ROMANIA MARE introduction]

[Text] As we reported before, on Friday, 14 June 1991 our magazine responded to an invitation from the Alexandru Ioan Cuza Police Academy at Baneasa to attend a

meeting with its students and faculty. Members of the ceremonial committee were Eugen Barbu, Romulus Vulpescu, Mircea Musat, Corneliu Vadim Tudor, Brigadier General Theodor Paraschiv (retired), Major General George Ioan Danescu (secretary of state at the Ministry of Interior and head of the General Police Inspectorate), Major General Ion Suceava (head of the Interior Ministry Corps of Inspectors), Colonel Avram Rosca (commander of the Stefan cel Mare Police Academy of Kishinev), and Major General Vasile Dobrinouiu (commander of the Alexandru Ioan Cuza Police Academy of Bucharest). Among the guests were Rear Admiral Cico Dumitrescu and opera singer Nicolae Florei. The festivity occasioned a fruitful exchange of views and an opportunity to better understand the specific concerns of both the work of the press and the training of new police officers cadres. After the welcoming address delivered by Maj. Gen. Vasile Dobrinouiu, the floor was taken by writers Corneliu Vadim Tudor and Romulus Vulpescu. Romanian students from both Bucharest and Kishinev followed with a beautiful entertainment show which culminated in the golden voice of maestro Nicolae Florei. We reproduce here the speeches delivered extemporaneously at the ceremony.

Speech by Mr. Corneliu Vadim Tudor, Editor in Chief of ROMANIA MARE

I would like us to have an intimate, informal discussion, so we will all avoid what is usually referred to as speeches. I only want to convey to you greetings from the ROMANIA MARE magazine, which together with Maestro Eugen Barbu we established exactly one year ago. This magazine—like the National Union *Vatra Romaneasca* but in a different medium and with its own specific means—was born of pain and hope. This magazine appeared six months after what we call the rebellion of December 1989, against the background of the increasing corruption of morals in the country that we all love so much, to the point of veneration; this magazine joined the struggle to safeguard the national existence with all the passion derived from our faith and all the legitimacy imparted by the millions of people who were waiting for a new voice, a purifying voice amid this increasingly pestilential chorus of the Romanian press.

From the very start ROMANIA MARE militated for a policy as peaceful as it is determined on the ethnic issue. We are not clamoring for the ancient rights inscribed on the calf skins of the first charters, as Eminescu said in *TIMPUL*. We do not need to demand what everyone knows belongs to us *de jure* and *de facto*. That is perhaps why some voices in our more radical press accused us of not tackling the problem of Bessarabia and Bukovina in a frontal, decisive, and irrevocable manner. To all of them we answered that sometimes wisdom and patience count for more than raising Cain at any cost and that there was no point in jeopardizing what we achieved so far because of some people's suspect haste, to say the least. From this viewpoint, ROMANIA MARE has fulfilled the tasks it set out to achieve. The fact alone that the magazine is distributed across the Prut and has even

reached as far as Moscow and Leningrad, not to mention the 2 million Romanians of the Canadian and American exiles, traveling the world to a greater extent than any other Romanian publication to date, proves that this magazine has become a combat flag and symbol.

However, it would be an unforgivable sin if I came here to praise ROMANIA MARE. The magazine is only a means of struggle and a very broad flank. There are many other very healthy Romanian forces and there are Romanian patriots in the country's Parliament and in other fora who are consistently working to enthrone dignity in Romania, and to finally put an end to the humiliation of the Romanians in their own country, and the slaps to their faces and moral being. And as our friend, writer Romulus Vulpescu, seated here next to me aptly put it, "If we should sometimes make mistakes, God will forgive us this mistake, too, because it is better to err with the country than against it!"

I make no secret of the fact that one of the reasons that impelled us to come here was the presence of the 20 students from Bessarabia. Naturally, they have been integrated into your academic year and into the program of the entire Alexandru Ioan Cuza Academy, so we will not talk about them as if they were a foreign body. They are Romanians like us, they are our brothers and children. But because we are here after 50 years of historical hard times, we will have to approach their tragedy more gently and with greater manly tenderness. As it happens, I come from a family that carries in its flesh and blood the terrible territorial rape committed by Stalin in June 1940 in his ultimatum to Romania about ceding the territories across the Prut. We must consider the vain-glory of this country's history and the blood tribute that each generation of forefathers had to pay. Why did I say that my family bore in its flesh and blood the relics of that bloody June 1941? [years as published] Because my father, who is still alive and 78 years old, has six shell splinters in his left shoulder which he got in Odessa. He was a simple soldier who, together with most of the Romanian Army, went to liberate the territories across the Prut. Incidentally, those shell splinters saved his life, because if he had not been wounded there, he would have marched farther and father, and perhaps the man talking to you now would not even have been born, that is to say, the chain of entire generations would have been cut by the death of one humble soldier in the Romanian Army.

I don't wish to censure the very difficult and problematic policy that our great neighbor to the east always conducted toward the Romanian Principalities. I don't want to go into a historical dissertation, although there is much to say also about the Bucharest peace of 1812, when a cruel betrayal took place and when, against the background of the imminent outbreak of Napoleon's war against Alexander I, a peace was signed at the Manuc Inn in Bucharest and the first territorial rape was committed. Generally speaking, I don't want to censure anything that has to do with the Slavic soul, which is an extraordinary soul, but like you, I ask myself: Can their great

talents for culture, as great poets and great musicians, make up for the tragedy and the river of blood and tears visited on millions of oppressed Romanians? Can a beautiful poem by Esenin or the demiurgic introspection of a Dostoevski novel dry the tears on the cheeks of an old woman who has seen her children deported to Vladivostok and frozen to death like Napoleon's soldiers in the fierce Russian winter? Can a Tchaikovsky concert or perhaps the work of the genius of Yasnaya Polyana, Tolstoy, justify that neighbor's fierce expansionism to which we fell victim?

That is why I am telling you that wisdom is the best policy. We don't have anything against the Slavic soul; we love the great Russian culture very much, but other nations must not be destroyed in its name.

By a God-given miracle, our generation finally experienced the collapse of an empire. The enormous prison of nations is slowly disintegrating. Sooner or later everything that happens against nature in history or against the will of some nations will collapse. The winners write history on short spaces, but the spaces of centuries and the duration of eternity are filled with the history written by the true people, with their tragedies and joys and with the enormous strength derived from the knowledge that they were not accidentally created by God and that nothing that is built upon a crime can last. From this viewpoint, we have lived all this time with a great wound in our hearts and with a sense of helplessness.

Twenty years ago, when he went to Kishinev with a film delegation, Eugen Barbu got off the train and shouted to Sergiu Nicolaescu and the other members of the delegation: "Brothers, kiss the soil of the homeland!" and they all went down on their knees and kissed that sacred soil. It was only a gesture, you will say, a gesture that did not send a tremor through the fierce steel and uranium giant of the great military power in the east. But at times small gestures reflect an attitude, and all the attitudes together make up a state of mind. I remember that in 1978 I was in Vienna trying to study especially the history of Transylvania, because Austria's war and peace archives contained many documents concerning Transylvania. There I met a very good Austrian writer and historian who has a beautiful Aromanian strain in his family; his name is Max Demeter-Peyfuss and he showed me an Encyclopaedia of Moldovan Civilization printed in four volumes in Kishinev. I saw with great joy in my heart that the tomes were bound inside in tricolor silk. The poor Romanian printers who bound those books—the harbingers, if you like, of national unity to come in the distant future, like a frail snowbell in the harsh winter—had the idea of that millimeter of tricolor silk. But as the historian Peyfuss noticed, the tricolor silk had disappeared from the fourth volume, which indicates that they were either apprehended or scared off; in any event, removed.

Last fall at the oath-taking ceremony at your academy—which bears the inspired name of Alexandru Ioan Cuza—I sat in the official stand next to Maestro Eugen Barbu and we were both very pleasantly impressed and

touched. I, for one, do not cry easily, but I can tell you that my eyes were covered with a mist like the mist over the Danube at 0400. Why? Because I saw students from Bessarabia marching in parade step under the Romanian tricolor. And I said to myself: This is a miracle! This is the cornerstone of our unification! It was a historic moment. I would symbolically compare it to the event that occurred in Darnita, near Kiev, in 1917. There, a group of Romanian prisoners from the Austrian-Hungarian army, Transylvanians who had been taken prisoners by the Russians, gathered around the country's flag and staged a "small Alba Iulia!" The first Alba Iulia preceding 1 Decmeber 1918 was in Darnita.

Keeping a sense of proportion, what you did in the fall of 1990 by welcoming among you these sons of Romanian peasants from across the Prut was something uplifting. And the fact that they paraded under the aegis of Alexandru Ioan Cuza, the great Unification Prince, told me that nothing and no one can ever stop us from fulfilling the aspiration for which generations of forebears died. I also want to honor the leadership of the academy and of the Interior Ministry for the faultless manner in which they are training you to serve the country at a stormy time. It is easy to serve the country at times of peace. It is easy to steer the ship on a peaceful sea. The great art and skill of the seamen and of the men expected to steer the ship to the shore is to do so in a storm. This is a difficult time for everyone. And the Romanian police, and generally all the wearers of a military uniform, have a mission that I am not reluctant to describe as a historic mission. If you did not exist you would have to be invented. If it had not been for the Romanian police and Army, this country would have suffered a lot worse. At a time when there is no civic authority left; when the workers do not listen to the foremen, the foremen do not listen to the engineers, and the engineers do not care about the general interests of their economic enterprise; when children almost do not listen to their parents anymore, and when morals are falling, your role for ensuring the stability of the Romanian State is overwhelming. That is why I want to express thanks to you and to wish you every success in your noble mission. You are training for a very difficult career. Like test pilots, you, the wearers of military uniforms, are closer to death than any other fellow citizens of the country, because you work directly with crime, with the most serious aspects of the civic deterioration, and you are meant and assigned by law to uproot them. This is an operation as noble as it is difficult.

Unfortunately, there are forces outside the country that do not really leave us alone.

We would actually like to publish an editorial called: "We want to be Americans."

In order: 1) In America, if you are a suspect and you lift your hand to your chest, the police shoot you, no questions asked, and only then will they ask what you meant to do. 2) America has two parties and nothing

more? We want to have two, too, Romania Mare and the Party of National Unity! We are being brainwashed all the time that we are not democrats, so we want to be like them. For example, I like the American model of democracy. It is very decisive. What does democracy mean? It means the dictatorship of the law. Consequently, within the law you can do anything. Otherwise there is anarchy, and from anarchy to crime to the ruin of the state there is only one step. That is why we want to be like the Americans. But they will not let us. We have landed in a vicious circle. What they say is: "We will not bring in large capital because your country is unstable." OK. So let me make it stable, let me make order. "No," they say, "you are not observing human rights!" And so it goes endlessly, until you do not know what attitude to take anymore. Take for example that woman with the funny hat, Doina Cornea. Normally, in a democratic regime, I would have first nicely put her in a cage and taken her through all of Asia, like Tamerlane did with Baiazet, then I would have brought her around to Baneasa so you could see what she looked like close up, after which I would have taken her to the Zoo, since it's right around the corner, put her in there and left her there as educational material for the children. And like her there are many "opponents" whom the West has embraced and who are cruelly and rapaciously torturing the nerves and patience of masses of people! Isn't it a shame for this nation? Our sociological sample is very clear. Thousands of people write to us and thousands of people come to see us. If out of all those 5 or 10 percent curse us, that's a respectable ratio. They, too, have a right to their opinion. But the overwhelming remaining 90 percent say to us, "Gentlemen, do something, because we cannot stand it anymore. Our nerves are shot, nobody works, you are afraid to go out in the street after 2100. Everyone steals from everyone else. Get some discipline!" This is what people complain to us. This is the source of the real regret felt by some of the people for Ceausescu. If things had gone better in Romania, no one would have regretted him. But because it became worse and there is no hope for recovery any time soon, because the foreigners will not let us clean up our own house, here we have this oddest of things, namely people beginning to regret Ceausescu. And if you are curious enough to go to the Ghencea Cemetery, you'll see processions of people with their arms full of flowers, especially on Saturdays and Sundays. But if any colleague of Mr. Vulpescu's in the Senate would have the imprudence to go there, people would chase him like Pena Corcodusa in the novel, *The Old Court Kings*. I am talking about Gelu Voican Voiculescu, Ceausescu's grave digger.

We are currently living through a grade eight tremor. An ice age phenomenon. From a geological viewpoint, what

the Romanian society is now experiencing is a tremendous earthquake on the Richter scale. The mountains have changed, new forms of relief have appeared in Romanian society, and the waters have overflow their beds. It is now up to us to ensure that all these ghouls do not turn against us and that we do not commit the fatal sin of endangering the map of this country. We must not lose what we have on top of everything else. This is the reason that we are militant and that we are perhaps becoming disliked by certain categories of citizens. We are taking this risk upon ourselves precisely in order to sound the big alarm, the Archangel's trumpet in the Bible. Romanians, wake up, because someone wants your perdition! But as long as we are alive, that will not happen!

By the nature of things, your work as students is not given much space in ROMANIA MARE, but the work of the bodies of order, the work of the great detachments of patriots is reflected in its true scope. I remember that two weeks ago an old woman, 81 years old, came to us from Sibiu. She came in a torrential rain, and all the way from the train station to ROMANIA MARE she kept asking people how to get to our magazine. At a traffic light, a well-meaning person rolled down the window. She was on foot, miserable, did not even have the money to go back, and she asked the driver: "Son, where is ROMANIA MARE?" To which the guy in the car, probably someone from the Civic Alliance or Radio Free Europe, said to her: "Don't go there, those people are with the Securitate!" Without hesitation, the old woman answered with the humor typical of our peasants: "That's exactly what I'm looking for!" We are not with the Securitate, because you cannot be with something that is defunct, but since we are talking about it, I would like to point out something: Both ROMANIA LIBERA and other publications keep accusing us of collaboration, while all this time they're selling their papers almost exclusively thanks to the...Securitate documents which they have, not us!

Thus, before I end my address I want to announce that one of the reasons we are here is to make a small donation for your conationals in Bessarabia consisting of our books with dedication, to which we will add a record by Maestro Nicolae Florei which we sponsored and which Electrecord brought out this very day. On this record there are lieder, most of them composed on Eminescu's lyrics; tomorrow being 15 June, the date we commemorate the death of our national poet, we all hastened to bring it out ahead of time so people can have something to enjoy. And we brought here as many as we could carry, a sheaf of records like the Dragaica shoots of wheat. At the end of the ceremony we will make this donation for our friends in Bessarabia, as well as envelopes with some pocket money for each one of them. I want to thank you and to assure you of our endless love.

Discussions of Presidency Members Derided

91BA0975A Zagreb VJESNIK in Serbo-Croatian
27 Jul 91 p 8

[Unattributed article: "Talks in the Federal Presidency About Solutions to Yugoslavia's Political Crisis; Presidency: Lebensraum, Blood, and Other Tricks"—first paragraph is VJESNIK introduction]

[Text] In the shadow of the impending war, it is becoming increasingly clear that Serbia wants, under the guise of the right of the Serbian people in Croatia to self-determination, to forcibly extract a change in the borders of Croatia, and in order for this to be feasible, it is necessary to ensure that the YA [Yugoslav Army] remains in these regions. Hence the intensive maneuvering concerning the retreat of Army forces to the barracks.

Several months ago, talks in the Federal Presidency became both a tragic and a farcical metaphor not only for the situation in Yugoslavia, but also for the political as well as intellectual ability of several of the supposedly most responsible people in a tottering state to establish a minimum of tolerance and reasonableness in order to avoid the cataclysm of war. Instead of this, practically every new session of this Federal forum has presented the public with new episodes of political inflexibility, imputations, accusations, Byzantine ruses, and in general alarming political incompetence.

Surely one of the most controversial subjects at all the meetings has been the right of nations to self-determination. The debate on this subject at one of the Presidency sessions, even in the condensed versions, indicates not only that this is the crux of the crisis, but also the willingness of Serbia to change the internal borders of Yugoslavia under this guise. The example of one of Jovic's questions is more than telling: "Because Croatia adopted the decision to create an independent, sovereign state on the basis of the right to self-determination, does the Serbian nation in Croatia also have the right to self-determination in this situation?" President Kucan was sufficiently clear in his response on that occasion, patiently reminding Jovic that "A nation of people is not an abstract category, it does not live abstractly; it lives concretely and is politically organized, as imposed, unfortunately, by history. And when we were in Serbia, when we composed that joint declaration stating that there is a Serbian nation, we said that every nation has the right to live in one state, naturally without violating the same right of other nations. Thus, the Serbian nation in Croatia lives in the Croatian state, and if you were to agree that a solution must be found in talks between Serbs and Croats in Croatia, then this matter would be well on its way to a solution."

It is difficult to find any response to Jovic's insistence that Croatia must "declare" whether it wants "to leave Yugoslavia" other than Mesic's: "You see that he wants Croatian territory!"

Since it is clear that the crux of the problem is whether to recognize the sovereignty of the republics in their territory, any refusal to seek a resolution from that starting point means, as President Kucan says, that "Our talks are superfluous—in that case, something entirely different needs to be done. But in that case, both the measures and the solutions are known."

Serbia Stubborn in Manipulations

According to Zagreb's repeated standpoint, as expressed by Presidents Tudjman and Mesic, self-determination is in fact a guise for territorial pretensions. Stipe Mesic expressed this in a simple sentence during talks in the Federal Presidency as well: "One sentence says it all: Serbia must declare that it has no pretensions towards Croatian territory and that it calls on those who have entered Croatia from Serbia to go home. Everything else in Croatia will be resolved in communication between Serbs and Croats."

Mesic is similarly unequivocal about illusions that it is possible to effect a solution by force when he says that "there is no agreement that even one centimeter of Croatia will be ceded to Serbia. Quite simply, such an agreement is impossible. You must understand that, regardless of what you have undertaken, regardless of how many artillery pieces and mortars you have moved into Mirkovci, regardless of whether you have burned Vinkovci to the ground—Croatian territory, remember, cannot be captured as long as there is one remaining Croat. Changing the border here is out of the question in general. This is absolute and intractable, and whatever you have undertaken, you will only have new conflagrations and inflict injury on both Serbs and Croats, with the worst lot falling to the Serbs in Croatia, because you will cause total discord between Serbs in Croatia and Croats. You must understand, once again, that this is impossible. To hell with these maps, because these maps do not exist. Croatia is Croatia, and Serbia is Serbia. You solve your problems there, but don't throw that hot potato into Croatia."

However, the Serbian side is maintaining its stubbornness in manipulating the right to self-determination of Serbs in Croatia, which is witnessed by the dialogue in which Branko Kostic contends that "the people in that region must decide this question." Stipe Mesic's response shows how Croatia views the right of the Serbian nation in Croatia: "Clearly. They can decide, but together with the Croatian people. Serbia cannot have two states in this community of nations. Serbia has Serbia, and as for the Serbian nation of people, we can talk about their rights on all levels, but not, sir, about Croatian territory. Serbs cannot vote on whether to separate Croatian territory from Croatia. That is out of the question. Serbia cannot have two states—remember that." The stubbornness that bears witness to extreme goals is also indicated by Jovic's remarks to Mesic to the effect that "self-determination is not at my discretion or your discretion; rather, it is their right. In this sense, we have nothing to discuss," together with a clear threat:

"As long as you do not accord them this right, you will have the situation such as it is now."

Let Us Go Our Separate Ways as People

During the debate in the Presidency, this standpoint prompted President Tudjman to assert that "It is as if we are not speaking the same language," if a complete political breakup were taken as the starting point from which one must "draw the conclusion that we should go our separate ways as people, not provoking bloodshed and war, which can be of use neither to the Serbian nation in Croatia, nor to Croatia, because Croatia too will suffer harm, nor to Serbia as a whole—it is not good for anyone." In response to all the elucidations about how the Serbs in Croatia have declared where they stand—"Boro...the referendum has been held and there is nothing ambiguous about it. The only thing that remains is for you to hold a referendum in Serbia"—Jovic will say, clearly not without allusions to military conflict, that "then we can no longer do anything here."

There is no doubt that the question of the retreat of the Army to the barracks in Croatia itself is directly linked to these interpretations of the right of the people to self-determination and to respect for the existing republican borders.

It is clear that without an agreement on this, it is not possible to expect anything other than an intensification of war conditions. It is also clear that the crux of this part of the question is in fact the "sequence...who will disarm first, who will withdraw, etc.," as Kiro Gligorov said at one of the sessions of the Presidency, noting the principle of linkage "because passions are soaring, we must link this in order to save human lives."

Spurious "Kolumbovska" Dilemma

But the Serbian side is inflexible in its interpretation of causes and effects, on the basis of which the sequence of withdrawal could be established. Thus, Milosevic contends that "It is obvious to every citizen of this country that the Army is involved because peacetime conditions are not in effect in the country and that the onset and escalation of these conflicts is the reason for military involvement. In this sense, once peacetime conditions are reestablished in this country, which presupposes implementing the demobilization of all armed formations, then the reasons that the military is not assuming a peacetime situation will no longer be in effect. (...) In this sense, I do not see how anyone in the Presidency can support having the military in a nonpeacetime status once peacetime conditions have been achieved in the country, and in order to achieve peacetime conditions, it would first be necessary to undertake a general disarmament of all armed formations, and we have repeated this a thousand times as a condition for peace."

Stipe Mesic offers a response to this spurious "kolumbovska" dilemma by reminding that "The Army left the crisis areas on the basis of the resolution by the Presidency for a period of one month, and the situation since

then has grown even worse. (...) If Vinkovci, and even the opstina assembly is now being battered by heavy artillery fire, don't tell me that the defenseless people have heavy artillery. Where did these 'defenseless people' get their heavy artillery? Who is supplying them with mortars—I don't think Slovenia is supplying them."

The crux of the question is fittingly reflected in the assertion by Dr. Branko Kostic that "I think that any expectation that we will send the Army back to the barracks, and that we will not do this (disarming the Guard, ed.) in the interim, is ridiculous." Justification for this inflexibility can also be found in the idea that what is going on in Croatia is "interethnic conflict," and that the Croatian government, as Branko Kostic maintains, is "closing its eyes" to it. "You do not see," says Kostic, "that there is interethnic conflict going on there." It is in vain that Mesic asserts that all strife will cease once "the Chetniks pull out of Croatia; there will be no interethnic conflict," because Milosevic coldly asserts that "there is no one in the Republic of Croatia." Following Mesic's appeal, "Come on, announce that the Chetniks are withdrawing into Serbia," he is even cynical enough to respond, "As soon as I announce the withdrawal of nonexistent Chetniks in Serbia."

Milosevic Is Continually Amazed

The level of intolerance is also confirmed by the not infrequent accusations concerning the "Ustasha character" of the Croatian government, and on the level of talks in the Presidency these accusations are presented in a nutshell by the recent statement by Slobodan Milosevic to the effect that Serbia must thus allow attacks on the Serbian population in Croatia, "that entire villages be slaughtered, just as entire villages in 1941 were placed 'under the knife' to complete their job." It is clear that these allegations are an attempt to revive the "genocide syndrome," but at the same time they reveal the existence of a Chetnik movement and of Chetnik ideology in Serbia today. At sessions of the Federal Presidency, moreover, there is no shortage of reminders directed towards Milosevic that there are also people from his own leadership ranks who are "very vocal, but who are depicted in 'certain' uniforms." The type of political blackmail that is being concocted by spreading "fear" of bloodshed among Serbs in Croatia in an attempt to provide a cover for expansionist intentions is also evidenced by the willingness of Slobodan Milosevic to ask, for example, with seeming incredulity, "How can the Army withdraw in a situation where people are being butchered with knives on the threshold of the 21st century?"

The verbal clash between Mesic and Jovic also indicates the Serbian view of the sovereignty of the Croatian government in the republic's territory. With regard to the clashes in Borovo Selo and the role of the Croatian police, Jovic deems it appropriate to ask, "What are they (the police) doing in such numbers in Borovo Selo?" not accepting Mesic's response that "I dare say that the police have a right to go into Borovo Selo. Must they be

received with machine gun fire? They tell them, 'Come in so that we can hand over two prisoners, and then they kill them.' Milosevic's "criticism" because the police arrived "in three buses" also illustrates this understanding of sovereignty, prompting Mesic to respond that the Croatian police has the right to go in even with a 103 buses, because "Why should the police in Croatia ask for Milosevic's permission about whether or not they can go somewhere? What is the logic behind that?"

In these heated talks, it comes as no surprise that there are sparks surrounding responsibility for individual incidents, for example, the organization of terrorist actions and Mesic's direct question to Milosevic concerning the role of the famous Soskocanin: "You yourself know who organized this. You put a man on television who says, 'I killed six Croats, and I will kill 606.' And then you had him 'drowned.'" Milosevic's only response was astonishment: "'Drowned'?"

Political relations in the Presidency, which illustrate such "spectacles" from its work, clearly show the extent to which the principle of the right of the Serbian people in Croatia to self-determination is actually a cover for territorial pretensions, and how the Federal Army is being manipulated to this end.

Military Intervention in Slovenia Analyzed

91BA0944A Ljubljana NEODVISNI DNEVNIK
in Slovene 13 Jul 91 p 14

[Article by Ljubica Jelusic: "Why and When Do Generals Not Admit Defeat?"]

[Text] Four-star General Veljko Kadijevic, who is visibly thinner and sick these days, read his long-awaited report and paid careful attention to avoid using Ekavian Serbian, which is the command language in the JLA [Yugoslav People's Army] according to an official rule of the SFRY Armed Forces, so as not to give the impression of a victor. It is even harder for us to imagine him in the role of someone carrying out a coup. If anyone was expecting that he would appear on television and proclaim himself president, then he should have expected it instead from three-star General Blagoje Adzic. Adzic, however, has already stated his own position once (both of them appeared on Belgrade television, since Markovic's Yutel is not a sufficiently credible program for the generals), and the military defeat on Slovene territory is not exactly a suitable reputation for people carrying out a coup. The Yugoslav Army, which in 1948 was considered the third most powerful army in Europe, and which even today is the most powerful army on the Balkan peninsula (and also has the most modern weapons), made a laughing-stock of itself in front of the world public, and—what is perhaps even worse—displayed its weaknesses to all possible and potential aggressors. In such a situation generals really cannot admit defeat.

We remember how a multitude of gray-green uniforms sat together at the last LCY [League of Communists of Yugoslavia] congress in Belgrade. At that time, the

Slovene public distinguished only one of the professional soldiers who were present, the late Petar Simic. Today we are already familiar with several of them: Veljko Kadijevic, Stane Brovet, Blagoje Adzic, Marko Neganovic, Milan Gver, Andrije Raseta, Dr. Vasa Predojevic, and Master of Arts Mihajlo Terzic. The last two received their academic degrees at Ljubljana University. The opinion leaders of the military public—which communications scholars have never recognized as having the attributes of a public—have thus entered our homes and our public. Today we also know how significantly they can change our fates. Because of them, we Slovenes have again revived our military-political culture. We came to the front pages of world newspapers as warriors, even though it was precisely in the Federal Army that we always appeared to be militarily semi-literate. It is also for that reason that the generals cannot admit defeat.

With multiparty democracy, words like nationwide defense and social self-protection, and the socialization of defense and security matters, have disappeared from Slovene newspapers, magazines, and also professional journals. The original concepts of nationwide defense have also been revised long ago in the Federal Army's military doctrine. We observed it first of all when we received two corps in Slovenia instead of the 9th Army Region. The military leadership also characterized territorial defense [TO] as the never-realized dream of republic leaders who wanted to create republic armies out of it. The present military leadership has actually renounced the idea of nationwide defense. It has never even recognized the TO as legal armed forces. Finally, the TO's personnel staffing (military conscripts too old for the military reserves) and its weapons (written off by the JLA) were a rather poor indicator of its military effectiveness. In recent days Minister Jansa has revealed some of the secrets behind the TO's military success (reinforcing it with younger people and the purchase of modern weapons), but the doctrine for the use of the TO has remained similar to the original concept, and Slovenia resisted the Federal Army's military intervention in accordance with the principles of nationwide defense, with important roles played by initial unarmed blockades, psychological propaganda activity to weaken the enemy's combat morale and strengthen the combat morale of our own civilian population and armed forces, and, above all, informational and diplomatic pressure upon the international public. The military activities of the TO and the police finally humiliated the Federal Army with prisoners of war. It is also because of the rejected doctrine, which proved (once again) to be successful, that the generals cannot admit defeat.

From the speech by Army General Veljko Kadijevic, we expected a balance sheet for the war and an announcement of the next battle. In his speech, which was relatively moderate for the general, he did this rather marginally and focused more on the political background for the military intervention. A balance sheet was prepared in more detail by Blagoje Adzic in his farewell address to the new officers for Slovenia and Croatia.

The balance sheet should take into account all four factors in the armed struggle:

1. The human factor—The generals had at their disposal a conscript army with fragile morale and poor motivation, and a mixed ethnic structure, along with treacherous officers of different peoples and nationalities. The civilian population was hostile, and instead of building the soldiers' combat morale with cigarettes and water, it offered to arrange desertions. Furthermore, the generals' aides were completely mistaken in assessing the political culture of the civilian population. It follows from the combination of words used by Kadijevic in his speech, "We could not be like that," that they expected passivity or at least only feeble resistance from the population, which massive overflights of the air space, attempts to break through the sound barrier, and a display of the tanks' power would be sufficient to intimidate. They were probably misled by the general antimilitaristic atmosphere in Slovenia, from which a lack of readiness to participate in "Jansa's army" could follow. Such assessments were probably also the reason for emissary Col. Milan Aksentijevic's sympathy toward the option of demilitarizing Slovenia. The supreme commands of the armies of the neighboring states very often order public opinion polls about the population's attitudes toward the Army, war, and the military through neutral civilian research organizations. The JLA has never needed anything like that. It did not even know how to use what has already been surveyed in Yugoslavia. For example, it follows from a Slovene public opinion poll at the end of 1990 and the beginning of 1991 (by the Defense Research Center of the FSPN [expansion not given] that the Slovene population is ready to risk and sacrifice itself for three fundamental postindustrial values—world peace, environmental protection, and human rights, and—a quite unusual value for the developed world—defense of the homeland. The data were published in several places, including the magazine OBRAMBA. Obviously, this was a failure on the part of the services in the Federal Army that are responsible for information-gathering and intelligence work, and are headed by one of the most vocal generals, Marko Neganovic. The Federal Army did not know how to win the support of the international public for its intervention (except probably for some leading circles), but, of course, ensured the support of part of the Yugoslav public. This is a fact of enormous importance for cleansing a bad conscience, and consequently the parents' breaking into the Serbian Assembly was a blow to the spine and an indication of a new hole in the combat ranks that the army successfully patched. It did an excellent job of organizing parents' transportation and visits to the barracks, where mothers then encouraged their sons to perform their service to the homeland in accordance with their political culture. Because of unfamiliarity with Balkan political culture, the Slovene authorities completely failed on this point. These days a new crack in the Federal Army's recruitment potential is being indicated—Belgrade reservists are hiding en masse from enlistment.

2. Space—Both sides in the war were relatively familiar with Slovene territory, the Federal Army because of frequent exercises, and the TO because of the doctrine of making use of space. Although the military leadership was horrified by the use of the term "occupation army," Federal Army units carried out a typical occupation of space—a lightning armored-mechanized breakthrough along the main routes to the key positions. An army with a defensive strategy cannot behave that way on its own territory. The opposing side, with unarmed forms of resistance and a spatially dispersed TO and police, acted in accordance with the principles of resistance in a temporarily occupied territory. This kind of warfare by the operational (JLA) and spatial (TO) components of the SFRY's Armed Forces has been tested many times during the past 20 years. The TO, therefore, could not have been acting treacherously, since the generals had to know precisely how it would wage war. The blockades in which the Federal Army's shock units were caught revealed the elementary mistake of the use of tanks on Slovene territory, where a tank campaign as a show of force in front of the civilian population (it is not used in a defensive strategy) is possible, to be sure, but the possibilities of using armored units in a combat deployment are limited.

3. Time—The attempt to carry out the blitzkrieg that was planned by the Federal Army is a characteristic of aggressor armies, but defensive forces would have to be prepared to wage a long-term war. The Army in Slovenia demonstrated a paradox, because of which the risk of waging war in the developed world is too great today, namely, the damage to infrastructural installations, industry, and other economic and service sectors is so great that war becomes an unusable means of achieving goals. In that sense, Slovenia also can no longer afford a war.

4. The material factor—In the war in Slovenia, the Federal Army had absolute technical superiority, which it did not use "appropriately" until just before the end of the war. The Air Force, missile systems, and artillery were virtually without opposing weapons on the part of the Slovene defense forces. Only disobedient and inaccurate pilots worked to their benefit; and these are also part of the human factor. Against expectations, the armored-mechanized units turned out to be feeble. The generals, of course, claim that too little use was made of them, because "we could not be like that."

Conclusion

The unilateral ceasefire offered by the Slovene leadership after multiple air attacks was declared by the generals to be a Slovene capitulation by means of which they could later put stronger cards on the table in negotiations. In the Brioni negotiations, the Federal authorities could therefore dictate the terms of the agreement. The Army's acceptance of the cease-fire, however, was too rapid for us to be able to believe in its

pure military victory. Its blockaded and encircled units only needed a few more days for complete surrender and flight.

The generals need peace now in order to put their ranks in order. They have to reinforce and motivate the conscript army, appoint new officers, and get rid of their "illusions." The war in Slovenia was an unusual opportunity for the Army that will now be able to get rid of superfluous officers. During the period of long-term peace, there was an enormous accumulation of them in ranks from major to colonel, without even having corresponding command positions. That stratum of officers is considered potentially the most dissatisfied, and the most critical military public for the Army's leadership. If the war had not occurred, it would have been necessary to retire them early because of the federal budget crisis. The war also set criteria for demobilizing them; in peacetime, because of the well-known corruption of Army officers, it would have been an extremely confrontational and thankless undertaking.

Various Options for Bosnia-Hercegovina Viewed

91BA0963A *Belgrade NEDELJNA BORBA*
(supplement) in *Serbo-Croatian* 27-28 Jul 91 pp 4-5

[Article by Dr. Zlatko Lagumdžija: "Ethnically Pure Blotch: The Moaning of Bosnian Lovesickness"—first paragraph is NEDELJNA BORBA introduction]

[Text] The scenario of creating ethnically pure cantons in B-H [Bosnia-Hercegovina] would mean moving 2 million people, with all the personal and family tragedy involved with that, and the move alone would cost \$80 billion, or approximately two years' worth of the gross product of Yugoslavia!

These days, there is little uniformity in responses among the public to the question of whether the departure of the YPA [Yugoslav People's Army] from Slovenia also means the beginning of the (temporary) departure of Slovenia from Yugoslavia. But one thing that is clear is that in any decisions on the future of Yugoslavia based on the SCS [Serbian-Croatian-Slovene] line, the Slovene element is becoming less and less significant (whereby it remains unclear to what extent they themselves are worried about this). Although not through its own merits, Bosnia-Hercegovina, together with Serbia and Croatia, is increasingly becoming the third (and for now solely passive) player in the unfolding of the Yugoslav drama.

There is no doubt that the first Yugoslavia came into being with the blessing of the great powers and was based on the SCS "tripod." In a similar way, a future Yugoslavia (if the great powers "approve" of it) based on a new Serbian-Croatian agreement also needs Bosnia-Hercegovina as a "third leg," to keep it from "overturning." History will confirm or disprove whether this can be called a S-C-B-H basis. Amidst the impossibility of satisfying their territorial appetites and the obviously increasing uneasiness about the corresponding number

of new (primarily innocent) victims of the undeclared war every day, the main players, both publicly and secretly, have begun to look at the partition of Bosnia-Hercegovina.

Under the prevailing relations of power and the increasingly ubiquitous desires for a final partition of Yugoslavia, the statement by the president of the Bosnia-Hercegovinan Presidency following his arrival in Ohrid that "everyone has some hope, but such as it is I would not be able to share it" could only have a discouraging effect on the citizens of the central Yugoslav republic. Specifically, the fact that everyone except the head of the Bosnia-Hercegovinan state is acting happy, cheerful, satisfied and is smiling under the current conditions would most likely mean that they have reached a nice agreement without him concerning how to partition Bosnia-Hercegovina, and thus Yugoslavia as well.

The London statement by Franjo Tudjman (about which it is still unclear who made it and what he said) about the partition of Bosnia-Hercegovina met an immediate reaction from the head of the Bosnia-Hercegovinan state himself, who argued with the "authors" of the partition, saying that talks "on this must consult with some other party in Bosnia, if they can find anyone." From early on it has been clear that Karadzic and Kljuic are not equal partners for Milosevic and Tudjman in the talks on Bosnia-Hercegovina. Izetbegovic's reaction and (somewhat unconvincing) distancing from the talks on the partition of Bosnia-Hercegovina, although necessary, proved to be superfluous, because the basic statement indicated that the two main players were not even thinking about conducting talks with him (or with anyone), not only about B-H, but also about anything. The sharp and amazingly unified reaction by the opposition simply indicated to the panicked public that a fragmented opposition, such as the one today, cannot have a significant influence on real political relations.

As a response to the "unexpected" statements about a BH partition, the SDS [Serbian Democratic Party], which has been accused, and not always without reason, of selling out the republic, offers a new concept for resolving the Yugoslav crisis. Although there is no doubt that much more will be heard about this "offer," at this stage it cannot receive much praise by mere virtue of the fact that it is founded on the creation of ethnically homogeneous "cantons/regions, while at the same time copying the American and German constitutions." The newly formed "economic" cantons/regions (which are, as a strange coincidence, also ethnically identifiable) are in direct conflict not only with the constitutions, but also with the reality of the aforementioned developed countries. Thus, one should not mix "water and oil," or rather two different concepts; rather, one should decide on one of them. Ethnically pure regions are certainly not a concept modeled after the economically integrated Europe that surrounds us.

Because the Bosnia-Hercegovinan political scene is characterized by the absence of "positive" programs, the

apparent strength of the opposition is not based on its demonstrated qualities, but rather on the weakness of the current government. In this type of situation, all possible options for the future of Bosnia-Herzegovina are being introduced into the game. If we ignore the question (to which it is difficult to find a rational response) of why Bosnia-Herzegovina (Yugoslavia) should even be destroyed and/or reshaped, then in theory there are five possible solutions.

First (moving clockwise), Bosnia-Herzegovina as part of (greater) Croatia; second as part of (Greater) Serbia; third, as an independent state bordering on other independent states, such as Croatia and Serbia; fourth, divided into ethnically pure Croatian (Serbian) parts, which then join the mother state, and a Muslim ethnic part that is called whatever its inhabitants decide (*Muslimanija*, as a working name), and finally a part comprising those who declare themselves to be others and who form a Luxembourg-type state (which in the perspective like the one recently offered by Mesic would appoint the head of the new Yugoslav state); fifth, Bosnia-Herzegovina, a sovereign bourgeois state/republic, which together with others (primarily Croatia and Serbia) forms a new democratic Yugoslav community of states.

If it is everyone's goal that all Serbs/Croats/Muslims live in one state, then it is obvious that the first three possible solutions cannot satisfy everyone. Each of these solutions would both begin and end in a bloody civil war, whereby the question of which of these wars would result in the fewest victims is simply a matter of academic debate. In any event, all outcomes would leave at least two partners dissatisfied. And even assuming that it was precisely determined under what conditions tens or hundreds of thousands of people would perish, it would be difficult for anyone to decide in favor of any one of the three "final solutions" rationally, with a clean conscience, and with full historical responsibility. In other words, the basic assumption for peace in the entire Yugoslav region is peace throughout Bosnia-Herzegovina, which means that we become part of Europe by preserving our internal borders—a country without borders. We need not delude ourselves about the fact that an independent Bosnia-Herzegovina would be an unstable state. It would be just as unstable as a potential independent Serbia or Croatia would be.

Unfortunately, the fourth "solution," the creation of ethnically pure cantons/regions, which can be part of their mother states, or independent "mother" states, is being mentioned and put forth today not infrequently. This anti-European act, last seen in the fixing of the boundaries between India and Pakistan, would lead to hundreds of thousands of deaths and millions of personal and family tragedies. The ethnic structure and location of the population of Bosnia-Herzegovina means that this "scenario" of creating three (or four) ethnically pure blotches would entail moving around two million inhabitants, with all the personal and family tragedies involved with each of these people. But since everyone is

swearing to the principles of democracy, a market economy, and European standards of behavior, it is logical to demand that such a "project" have an economic "justification" as well. This means that around \$40,000 would have to be provided for each resident who will have to move on the basis of economic coercion (for getting corresponding housing and jobs in an adequately restructured economy). In this way, the "planners" of the new maps would have not only economically justified, but also ethnically pure states/regions/cantons (in fact, this is simply an example involving resettlement of Bosnians and Herzegovinans, leaving the remainder of Yugoslavia ethnically and economically "impure").

No matter how flawless it may look, if we ignore the individual, human tragedies in pursuit of realizing the centuries-old historical interests of the nations/population, which have ultimately been defined by leaders, this project has another major shortcoming—it is expensive. Specifically, new resettlement would cost \$80 billion, or approximately two years' worth of the gross product of the Yugoslav economy. If Bosnians and Herzegovinans agreed voluntarily to (economic) resettlement, this would not provide a solution to the insane situation in which they live, and millions of residents of Yugoslavia all together would have to spend two years working and living off of grass and roots, which some are already offering to them as a vegetarian and historical prospect.

Indeed, the goal would be achieved: All Serbs/Croats/Muslims would live in one state, or rather in one for each of them. Perhaps only then everyone would realize that they have achieved what has already been seen in our neighborhood: (Nearly) all Romanians have lived/do live in one state, and despite this "good fortune" they are nevertheless fleeing from it head over heels. Is this not reason enough for us to realize that the most important thing is not that all members of the same nation live in the same state, but rather that they live in democratic societies?

Because of this, the fifth solution, which at the same time means peace, prudence, and reason, but not war, is the integral and only European solution. Anything else constitutes a Balkan powder keg whose fuse, once lit in Bosnia-Herzegovina, could fill the war refugee shelters as far away as Stockholm.

Muslim Leader Ugljanin on Situation in Sandzak
91BA0975B Belgrade BORBA in Serbo-Croatian
31 Jul 91 p 10

[Interview with Dr. Sulejman Ugljanin, chairman of Party of Democratic Action for Serbia, by Z. Saponjic and D. Jankovic; place and date not given: "Sandzak Will Be Autonomous"—first paragraph is BORBA introduction]

[Text] The Muslim National Council will take over power if there is any attack whatsoever on Muslims. Islamic countries are ready to help the "republic" of

Sandzak. We will decide by referendum what kind of flag we will fly, what sort of national anthem we will sing. Registration of Muslims in citizens' registry prohibited.

"In the event of any attack on Kosovo, Muslims will defend Albanians. If the Serbs get weapons, then that too is a threat to the Muslim nation. And it is known that there has been a distribution of weapons to Serbs in Kosovo Polje, Pec, Vitimirica, Dragas.... Muslims are brave people and they will seize weapons. We have defended ourselves against Chetniks with pitchforks, sticks, and knives; the Albanians have come to our aid, and the Muslims will never allow anyone to attack the Albanians while staying on the sidelines. The Muslims will stand their ground against all threats, all weapons. It is very fortunate that precisely I hold the disposition of the Muslim youth in my hands."

With these words, Sulejman Ugljanin, the chairman of the SDA [Party of Democratic Action] for Serbia announced in an interview with BORBA the response of the Muslims of Sandzak to possible widespread conflict in Kosovo. We asked him to comment on the declaration by Sime Djodan on the creation of a joint Croatian-Muslim front, against the Serbs.

[Ugljanin] If Serbia continues with its anti-Albanian and anti-Muslim policy, then that declaration will become reality very quickly. It is interesting that an anti-Croatian and anti-Slovene bias has been developing in the Serbian Assembly for some time now, as if they are some sort of enemy. We Muslims have a identical attitude towards all nations, but the Sandzak nation today enjoys much more understanding in Croatia and Slovenia than in official Serbian and Montenegrin policy. Our students feel unsafe in Serbia, they are frustrated and scorned, and the only positive response to our appeals has come from the University of Zagreb. Thus, it is normal that this declaration become reality. I was in Zagreb and had specific talks and an appearance on Croatian television.

[BORBA] A Muslim National Council has been formed in Novi Pazar. What is its most important function?

[Ugljanin] If Slovenia and Croatia are forced further out of Yugoslavia and if there are any attacks whatsoever on Muslims, the only governmental authority in this region will be the Muslim National Council. They can threaten us and prepare for new massacres, but we are ready now to defend ourselves. Based on documents that already exist, every Muslim knows where to go in the event of an attack and how to act. We are not armed—a very small number of people in Novi Pazar have weapons—but we are ready to seize some in the event of an attack. Proof enough of preparations for a massacre of Muslims is provided by the bands of Chetniks that have already been formed in Serbia and that are threatening us. I have also seen YPA [Yugoslav People's Army] reservists on television who are leaving for the Army with cockades on their caps. This is a threat to the Muslim nation. In the event that any national armies are created, the Muslims

will not join any army other than their own Muslim army, which will secure a Muslim state through fighting.

[BORBA] In a speech marking the anniversary of the SDA, you said that in the referendum that is planned the citizens will not express their opinion on autonomy, but rather only on language and symbols...

[Ugljanin] Not even when Sandzak was stripped of its autonomy in 1945 was there a referendum held. Now, the citizens—Serbs, Muslims, and others—can decide only on which republic this autonomy should be associated with, which language they want to speak, what the symbols will be. The autonomy that Sandzak will have will satisfy the Serbs too, because it will receive large amounts of money from Arab, Islamic countries, with which development of this area, neglected by the Serbian government, will be accelerated.

[BORBA] Are you planning any other forms of cooperation and ties with Islamic countries, aside from economic ones?

[Ugljanin] We will ask the Islamic countries to guarantee the safety and security of Muslims in this region. Aside from that, we will also request all other forms of assistance. There is good will present on their part to help us.

[BORBA] You recently declared that the Sandzak Muslims will not accept the flag, national anthem, and coat of arms decided on by the Assembly and people of Serbia?

[Ugljanin] There is nothing to say about that. The Muslims of Sandzak will not tolerate any symbols in this region other than their own. We will decide in our referendum on our symbols, on what flag we will fly, and on what national anthem we will sing.

[BORBA] The basis for all your actions and for your Program is the theory that the Muslim nation in Sandzak is threatened. On what do you base that theory?

[Ugljanin] If we start with culture, our children learn nothing about Muslim culture in school. They have their own history and their own culture, but they study that of other people. In the economy, Sandzak has many times been declared an area with no prospects for development, and Serbia and Montenegro have invested little in Sandzak. Novi Pazar has still fared well, but there is nothing in Tutin, Sjenica, Pljevlja, Rozaj, and Prijepolje. In Novi Pazar, there has never been a Muslim director of the Medical Center. In the SUP [Secretariat for Internal Affairs] of Novi Pazar, the head is a Serb and all functionaries are Serbs. Muslim lawyers and economists are traffic policemen. In 1982, a resolution was adopted to the effect that because of the so-called national policy in Sandzak, the registration of Muslims in the citizens' registry must be prohibited. This means that Muslims were prohibited from settling, and that resolution remains in effect to this day. A law was adopted according to which a Serb in Novi Pazar cannot sell real estate and a Muslim cannot buy it. That law was overturned as unconstitutional, but to this day it is still

enforced. A resolution was adopted under which factories can operate only in purely Serbian villages.

[BORBA] Based on your knowledge, what is the situation in other opstinas of Sandzak?

[Ugljanin] Similar or even worse. Nova Varos has been lost to us. The 5 to 7 percent Muslim population that lives there is so disenfranchised and suffers from so much torture that they have no choice other than to flee and settle elsewhere. All the Muslims who are in power there are in power precisely because they are working against the interests of their own people. And those Muslims have no support whatsoever from their people. I have information indicating that some of the Muslim graveyards in Nova Varos are being destroyed and that the president of the opstina, who is a Muslim, is doing

nothing about it. That is proof enough of what kind of Muslim he is. The situation is similar in other opstinas. In Priboj there is not a single Muslim on the workers council and management board of FAP [Priboj Automobile Plant].

[BORBA] What has the SDA done over the past year to improve this, as you contend, subordinate position of Muslims?

[Ugljanin] As a party, the SDA has given this nation of people only three genuine delegates who will fight for their interests. But as a national movement, the party has done much: It has returned self-confidence and allowed the nation of people to express who it is, what it is, how and with whom it will live. The Muslims have never been allowed to do this in the past.

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