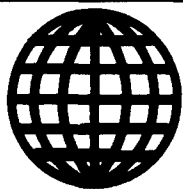


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7 MAY 1990



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INTRABLOC AFFAIRS

Program of Romanian Hungarian Christian Democratic Party

90CH0069A Bucharest ROMANIAI MAGYAR SZO
in Hungarian 5 Apr 90 p 2

[Text] 1. For purposes of enforcing the Christian order of values, and of propagating Christian morality on a broad base it is necessary to ensure:

- The autonomy (self-determination) of the various churches based on the principle of a "free church in a free state."
 - The operation of parochial schools, and the introduction of voluntary religious education in state schools.
 - The free functioning of charitable church institutions (hospitals, old age homes, orphanages, etc.) by utilizing contributions from the state and gifts received in Romania or from abroad.
 - The freedom of the denominational and interdenominational press, as well as the allocation of time for religious broadcasts on radio and on television.
 - The complete freedom of churches to maintain foreign relations (both with sister churches and on an interdenominational basis) including the freedom of utilizing possible foreign assistance.
 - The return of nationalized real property that belongs to the churches.
2. We support the protection of the country's independence, sovereignty, and territorial integrity in the spirit of establishing a "common European House."
3. We support modern state power, notably the separation of legislative, judicial, and executive authorities in the framework of a constitutional state.
4. We support the establishment of a multiparty (pluralist) democracy in which the principles of social justice prevail and in which the fundamental human rights of every citizen are ensured.
5. We support the institutional assurance of the individual and collective rights of Hungarians in Transylvania based on the the nationalities statute to be developed in the spirit of international agreements and treaties (Helsinki, Madrid, Vienna), with international guarantees.
6. Hungarians of Transylvania are an organic part of the Hungarian nation. For this reason they claim complete freedom in maintaining relationships with their fellow Hungarians in Hungary and in other countries, based on the Helsinki Agreement.
7. In the interest of modernizing and developing the Romanian economy we support:
- The gradual introduction of a market economy.

- The privatization of enterprises in due regard to efficiency and social security.
 - The influx of foreign capital for the adoption of peak technologies.
 - The restoration of the freedom of commerce.
8. To invigorate agriculture we support:
- The rendering of arable land as private property pursuant to the needs of agricultural workers, with the development of appropriate legal forms.
 - The provision of appropriate means and credit required for work.
9. We support the development of a modern environmental protection system, in awareness of our Christian responsibility for the purity of our world and for health.
10. We demand the development of modern family protection:
- The right to give birth, the term of which is determined by health protection considerations. [as published]
 - Child care support for mothers until the youngest child reaches the age of three, including time off from work. The duration of such period shall be regarded as work performed from the standpoint of pension entitlements.
 - Determination of fair amounts of child care support to which parents are entitled.
 - Determination and provision of social welfare pensions which suffice for minimum sustenance.
11. We demand that unemployment compensation be assured, including for young persons who are unable to secure jobs.
12. We demand the development of a modern and efficient health protection system (screening examinations, preventive medicine, information, occupational health), the streamlining of social and economic concerns in medical care provisions in the framework of a fair social security system, and we want to establish the spirit of love for our fellow man and preparedness to help.
13. We regard physically handicapped persons and the mentally retarded as our brothers and sisters in need of help, and we request that a special assistance service be established for them in the framework of social security. We count on assistance to be provided by the charitable institutions of churches.
14. We demand the observance of two days off per week (Saturday and Sunday), and the official declaration of religious holidays as days off.
15. A modern educational system should provide equal opportunity for everyone, it should enable teaching in

the native language at all levels of education in the framework of Hungarian cultural autonomy, and it should provide an opportunity to study abroad and for specialization.

16. We support the adoption of the right to hold dual citizenship.

17. We support the rehabilitation of persons persecuted or convicted for their political or religious beliefs.

18. We support the introduction of alternative military service.

19. In the interest of preserving the unity of the Hungarian nationality in Romania, the Romanian Hungarian Christian Democratic Party [RMKDP] will run candidates in the elections on the unified Hungarian slate.

20. The RMKDP expresses its intent to cooperate with all nationalities residing in Romania on the basis of full equality.

21. The RMKDP is built on the basis of Christian morality, and espouses the Christian outlook. Consequently it will do everything possible so that Hungarians of Transylvania together with Romania take their place in Christian Europe. For this purpose the RMKDP expresses its intent to cooperate with all Christian parties and organizations in the world.

With the help of God we are moving ahead in the spirit of love for our fellow man for the earliest possible realization of the "European House."

The organizing committee of the Romanian Hungarian Christian Democratic Party: Dr. Laszlo Podhradszky, Dr. Ferenc Ujvari, Bela Moldovan, Tibor Takacsik, Gabor Sipos, Julia Balint, Ildiko Orteszky, Jozsef Kerekcs, Lajos Asztalos, Ferenc Koos, Jozsef Dezmeri Zsombor

Campeanu, President of National Liberal Party, Interviewed

90CH0069B Bucharest ROMANIAI MAGYAR SZO in Hungarian 22 Apr 90 pp 1, 3

[Interview with Radu Campeanu, National Liberal Party chairman and candidate for president of the republic, by Peter Banyai in Bucharest on 17 April: "Ours Is the Oldest Party in Romania"]

[Text] [ROMANIAI MAGYAR SZO] I have recently been in close contact with the National Liberal Party [NLP]; I interviewed Messrs Patriciu and Zamfirescu. I am aware of how busy you are these days. What prompted you to have a conversation with me? Do you have something special to say to the Hungarian minority on the occasion of the Democratic Alliance of Hungarians in Romania [RMDSZ] congress?

[Campeanu] I always have something to say, a message which calls for peaceful coexistence which I believe in

and cherish. I believe that Romanians and Hungarians have been living here in these regions for centuries, and they have no specific reason for bickering. There is even less reason for what is worse: injuring and beating each other. I am convinced that there is an opportunity to jointly develop the legal framework for self-expression by the Hungarian nationality within the framework of the Romanian state as long as certain matters are mutually respected.

[ROMANIAI MAGYAR SZO] The expression "national" is voiced by numerous political formations. What significance does the national character have according to the "ideology" of your party?

[Campeanu] By using this term we preserved the name of the old national liberal party, above all for the sake of cultivating tradition. Don't forget, ours is the oldest party in Romania, it is 150 years old. Our party made significant contributions to the establishment of a modern Romania, and consequently all of us agreed when we reestablished ourselves that we must preserve the old designation. The presence of the term "national" should not give rise to nationalistic formulations. We may regard it as a term that provides a more specific meaning, according to which our liberalism is a kind of liberalism inspired naturally by general liberal concepts and theories, which we then adjust to the circumstances of our country. Perhaps this is the only sense in which it is national. In other words, it is of a Romanian character, corresponding with Romanian reality and with today's Romanian society....

[ROMANIAI MAGYAR SZO] Your program mentions that "the rights of all minorities must be respected and that their cultural personality must be recognized." Not a single party rejects these rights in theory, but they interpret them in very different ways.

[Campeanu] Let me begin with a detour into political history. Between the two world wars Romania had a legal order, whose value no one will question, I believe. I trust no one has any complaints concerning the violation of nationalities rights to free cultural and intellectual self-expression between the two world wars, and the Hungarian and German nationalities in particular should have no complaints. Relative to this matter, we feel that as liberals we are inspired by this legal order, by the spirit which prevailed in those days, and we believe that a nationality, particularly the Hungarian nationality—because that's what we are talking about—must be able to express itself, its spirit. It is in this context that we mention opportunities to express themselves, i.e. they should have their newspapers, theaters, and Hungarian language schools. We are using a mixed formula for these schools. Should these schools have a Hungarian segment and a Romanian segment, and during intermissions all the children should be able to play together and make friends? Personally I would tend toward a solution in which there is this kind of approach among children, among the young. Others could possibly favor a different solution, namely to maintain separate Hungarian and

Romanian schools. This is also possible, and we will discuss this matter with you.... I would discuss this matter in the sense that every action taken should be based upon dialogue between Romanians and Hungarians.

[ROMANIAI MAGYAR SZO] Relative to the previous matter, they say that in Temesvar [Timisoara] you voiced your disagreement with the reestablishment of the Kolozsvar [Cluj] Bolyai University, although it is true that I did not have an opportunity to verify the truth of these rumors.

[Campeanu] No, No, not at all! The matter of the Kolozsvar Bolyai University was not even discussed. I was talking about something else there. My disagreement pertains only to an exclusively Hungarian language university complex. In other words I believe that certain subjects should be learned in the Hungarian language. This is natural. But we should not establish a Hungarian language university complex, especially not the way I heard of this concept, that is by bringing teachers from Budapest. This is what I felt was an exaggeration. But we did not discuss the Bolyai University at all!

[ROMANIAI MAGYAR SZO] What is your view of the campaign which began relative to the idea of detaching Transylvania? Is this a realistic threat, or is it, as the RMDSZ emphasizes it is, a destabilizing maneuver which attributes too much significance to certain insignificant, revanchist Hungarian emigrant groups with no political credibility or weight, even though they are vocal. At the same time these individuals more than once falsified or used only parts of statements by politicians from Hungary, and thanks to the kindness of ROMPRESS they were given a revanchist color.

[Campeanu] Several factors are involved here. You're right, I know this part of the Hungarian emigration, in the West, and quite naturally I never took them seriously. My relations with the Hungarian emigration in the West were good, but I cannot say that about the extremists among them, the ones I know, and they are indeed involved in such matters. I think that this is only a pretext for restlessness, a kind of emotional, nostalgic frustration. I don't think this is a serious matter; I don't believe that this kind of thing would be possible at all. Treaties and the settled reality exist, and these cannot be kicked up, even more so because in tomorrow's Europe these problems will become increasingly anachronistic. But there are Hungarian extremists who present themselves with all kinds of similar pretexts, and who cannot be taken seriously. The fact that certain Hungarian leaders made statements which were then distorted by ROMPRESS, well, I would like to believe that this is true. I read those statements. If I'm not mistaken one was made by a deputy foreign minister who talked about the revision of the Trianon Peace Treaty. It appeared to be a colossal stupidity, and it is more than likely that ROMPRESS was exaggerating rather than that a responsible person would say such thing. Quite naturally, these horrible expectations must be disarmed. We must agree

on a few elementary issues. We must agree that the Trianon Peace Treaty will remain the Trianon Peace Treaty and that we must respect the sovereignty of the Romanian state. As far as I am concerned these two principles are of fundamental significance to me and the NLP. All kinds of dialogue and discussions are conceivable as long as these principles are respected.

[ROMANIAI MAGYAR SZO] Ever since its establishment, the RMDSZ has openly declared its agreement with these two basic principles. At this time, however, a campaign was launched to question our sincerity. Dialogue is inconceivable under such circumstances. We maintain regular relations and have candid, useful exchanges of ideas only with the NLP.

[Campeanu] Yes, that is true, just as you said it. In some places the view that Hungarians are not sincere is nourished by the fact that these persons pay too much attention to Hungarian extremist views. I personally do not fall for this, because I am acquainted with the Hungarian extremists. And at the same time I am familiar with their level of significance and weight. I do not believe that Hungarian officials, Hungarians of good feeling, would take these people seriously. It still happens that some people voice such impossible views, which serve to do nothing but evoke antipathy by the Romanians, and which in a certain moment appear to be a fair response to such demands. In order to bring to an end the contrary feelings on one side, we must do away with provocations on the other. But we do not believe in the importance of the extremists, and I am lucky in this regard because I know them well from the West.

[ROMANIAI MAGYAR SZO] What is your opinion about our view, according to which we Hungarians in Romania are and will be loyal citizens of Romania on the one hand, respecting the country's laws and the inviolability of its borders. At the same time, however, we regard ourselves as a part of the Hungarian nation, a part of the mother nation which is primarily composed of the populace of Hungary, but also includes Hungarians in Czechoslovakia, Yugoslavia, and the Soviet Union, as well as those in emigration.

[Campeanu] Quite naturally, here we have some shades of differences in rhetoric. I value and acknowledge the concept that you are decent citizens of this country, and I believe that as decent citizens you will respect the country's laws. There is no doubt that you are a part of the Hungarian nation. It all depends on the manner in which this gains expression. In other words, I am unable to accept this expression if it materializes in the form of a kind of solidarity which contradicts Romanian law and the principles we mentioned. On the other hand, I will agree with the idea that your spirit, your culture, has its roots in one nation. This much and no more. This is what I wanted to say.

[ROMANIAI MAGYAR SZO] How do you envision resolving the problems of the rest of the minorities? I have primarily the Germans in mind. Their number is

small, and the problem does not appear to be pressing, but I believe that in their case, delay will lead to an early resolution of their problem: They will disappear entirely.

[Campeanu] Here you are interested in the rest of the minorities. I do not think that we have to deal with this issue at this time. Quite naturally, everyone will live freely in this country.

[ROMANIAI MAGYAR SZO] But the Germans are leaving!

[Campeanu] That is a great shame. I shall be the first one to feel sorrow as a result of that. I was always of the opinion that the Germans were a highly constructive, active minority in our country. I very much regret that they are leaving, and we should proceed in a way that the German minority understands, just as the Hungarian minority does, that their place is here, and that here they have every right any modern human society could provide. So that without exception, all nationalities must acquire their individual and collective rights in the future democratic Romanian state. And we will do everything to resolve this problem as soon as possible.

[ROMANIAI MAGYAR SZO] What consideration guided the NLP when it signed a joint statement with the RMDSZ during the days when a rather forceful strain of opinion stigmatized us as some kind of a fifth column, as traitors, murderers, etc., and when we were left quite isolated? We could not get our word across the radio or the television, or in the Romanian press. The liberal press was the exception in this regard.

[Campeanu] We did so precisely because our press is liberal, and because our views are liberal, and because we did not want to get stuck with demagoguery which raised its head here and there, and we were not willing to accept the idea that extreme views threaten us from either side. We tried to remain cool and to preserve self control, because we had to obtain a clear picture about these phenomena and the future. The future belongs to dialogue, to a situation in which you live here among us as minorities.

[ROMANIAI MAGYAR SZO] In what factors do you envision the opportunity to improve relations between the Romanian people and the Hungarian minority? I am asking this question because as a Hungarian, in recent weeks I have felt that I am in a situation similar to what the Jews experienced in the Europe of the 1930's. I realize that the historical circumstances are different, but this feeling, this subjective condition is real.

[Campeanu] I would like to tell you something. Romanians and Hungarians have coexisted for centuries. The way you feel may be a matter of sensitivity. One must admit that also on your part, on the part of those whom we may regard as extremists, things have been done which have disturbed the Romanian national consciousness in Transylvania. Do not believe that every Romanian is an extremist! God forbid! They are people who yearn for understanding, people who make themselves

understood by the whole world. They are tolerant, but when things happen that deeply offend the Romanian soul, it becomes obvious that they react. We must transcend such matters, and we must act in such a way that provocation cannot occur. And if these things come to an end, you will see that you will live in good understanding with everyone in Romania, and the feeling that someone does not trust you—a trust you would rightfully deserve—will go away.

Bucharest, 17 April 1990

CZECHOSLOVAKIA

Works of Charter 77's Intellectual Leader To Be Published

90CH0032A Prague PRACE in Czech 17 Mar 90 p 8

[Interview with Pavel Kouba and Ivan Chvatik by Marcela Kolomacka; place and date not given: "The Return of a Banned Philosopher"]

[Text] That day all the flower shops in Prague were closed until 10 a.m. Because, 13 years ago, on 16 March at 10 a.m. the funeral of the noted philosopher and one of the first spokesmen for Charter 77, Professor Jan Patocka, was held at the Brevnov cemetery. He died 13 March 1977 at Strahov hospital. The medical report lists the cause of death as a cerebral embolism. Professor Patocka was taken to the hospital immediately following an interrogation by State Security. Despite the fact the the State Security and other organs did all they could (in addition to the prohibition to sell flowers mentioned above, the obituary was printed as late as possible and no one was allowed to accept orders for wreaths), 1,000 to 1,200 people attended the funeral, among them many young students.

As one can see from Vaculik and Boreš's "News of the Funeral," this act of reverence was accompanied by many further disgraceful persecutions and disagreeable acts. The traffic police closed all the access roads to the cemetery, and traffic detour from the center of town was detoured, starting at Pioneer Street. Television cameras were placed at various locations in the cemetery; they were there to film the mourners and thus collect material for further persecutions. Some of the "cameramen" stepped right up to individual mourners and filmed them in close-up. While doing this they callously stepped on graves and even overturned a tombstone. During the whole service a helicopter flying above the cemetery and motorbike riders provided background noise. Many well-known personalities were prevented from attending the service—they were either directly detained, or they were summoned to State Security under various pretexts.

Truly a dignified final farewell! But, on the other hand, if we consider that a person so well-known throughout the world was forced to leave his post at Charles University twice (in 1950 and in 1969) and really only lectured here

for a few years, the tasteless actions of state power in connection with the funeral are merely one small stone in the mosaic that demonstrates the past regime's attitude toward the noncommunist intelligentsia.

It is amazing how much many young people know about "banned personalities," despite the fact that certain names were erased from official high school and university courses for years. We offer several basic facts to those who have so far been unable to get the necessary information: Jan Patočka was born in Turnov in 1907. He studied philosophy, Romance languages, and Slavic studies at Charles University, and from 1928 to 1929 he attended the Sorbonne. After graduating in Prague, he was awarded a grant by the Humboldt Foundation and lived in Germany for two years. There he met Professor M. Heidegger and Professor E. Husserl who introduced him to phenomenology which became the determining factor of his scientific reflections. In 1937 he was accepted at the Faculty of Philosophy at Charles University on the basis of his essay "The Natural World as a Philosophic Problem." When the Czech universities were closed, he taught at high schools in Prague. After the end of the war, he returned to Charles University and was proposed for a professorship. In 1950 he was forced to leave the university and worked in the Masaryk library and ultimately at the Research Pedagogic Institute. He was not appointed a regular professor at Charles University until 1968, but then he was forced to leave again.

At this time, the Jan Patočka archives of the Institute of Philosophy at the Czechoslovak Academy of Science are preparing a publication of his works. We questioned Dr. Pavel Kouba and Eng. Ivan Chvatik.

[PRACE] What are the greatest problems you face in collecting works published abroad and in samizdat after 1969?

[Chvatik] We are not only publishing what he wrote after 1969. This will be a true collection of all his writings, the publication of his complete works from the very beginning. His first article was published in the journal *CESKY MYSL* in 1929. For the past 10 years we have been compiling Prof. Patočka's literary legacy. We collected it systematically and essentially have at our disposal everything that he wrote including what was published in samizdat and abroad. However, there can always be surprises, such as the recent discovery of a relatively large number of manuscripts from the fifties. So far we have reprinted roughly two-thirds of the samizdat archival collection of Jan Patočka's work, and these are the texts which make up the basis for most of the publications and translations abroad. During the eighties we handed over copies of practically his whole legacy to the Vienna Institute for Human Sciences, and it has been administering the author's rights when translations of Patočka's works are published abroad.

[PRACE] Naturally it will be a large opus. How will it be organized?

[Kouba] As we mentioned, it will be a collection of writings and will include all relevant preserved texts. Since we are dealing with an enormous and very heterogeneous body of work, the writings will be grouped by topic; these groups will be subdivided according to a combination of chronological and systematic points of view. This arrangement is, among other things, the result of a discussion that appeared on the pages of the ACTA bulletin published by the Czechoslovak Documentation Center for Independent Literature in Scheinfeld; we believe it is the best way to organize the material. We should also mention that it is thanks to the initiative and help of the Czechoslovak Documentation Center, headed by Dr. Precan, that we were able to start preparing the publication of the material as a book about 18 months ago, at which time it was uncertain whether they would be published here or abroad.

As far as our own arrangement of the writings is concerned, we will divide them into two halves. The first will include the systematic core of the most important aspects of Patočka's philosophy. It will contain the topical group, "Care of the Soul"; texts referring to the philosophy of Czech history and the person of T.G. Masaryk will be in the volume entitled: "Who are the Czechs?" Further, there will be a volume on art and philosophy, and finally there will be a collection on "The Natural World and Phenomenology." The second half will then consist of works dedicated to more specialized areas of philosophy—Lectures on Classical Philosophy, Comenius, on the History of Philosophy, Miscellaneous. The collected writings will conclude with his letters and a volume of appendices, bibliography, and a general index.

[PRACE] How will the publishing activities be linked together? For example, at this time we can find about seven works in the Department of Special Book Funds of the State Library, and that's all (apart from private libraries, of course). Therefore young people do not have much opportunity to get to know this noted philosopher's works.

[Chvatik] Since mid-December last year a number of Czech publishers, who have changed their plans for 1990, have contacted us as they want to publish samples of Patočka's works as soon as possible. Thanks to the head start we had in preparing the final form of the collected writings, we were able to distribute individual, partly prepared works among nine publishers who had indicated their interest. However, it will not be possible to finish everything at once. Therefore the Kacirská Academy will first publish his post-1975 essays and philosophical writings, Odeon will publish an anthology of his philosophic articles on art, the Statní Pedagogické publishing house will publish his post-1947 university lectures on Socrates. The Český spisovatel publishing house will also publish two studies from the fifties entitled "Negative Platonism," and at a later date will publish a new edition of the book "The Natural World as a Philosophical Problem," which was printed in 1970,

but was not allowed to be distributed. The book department of Lidove Noviny is preparing an extensive study about the beginnings and sources of European civilization, the Severoceske publishing house is preparing a collection of articles on myths and Czech Romanticism. Studies on Masaryk, Patocka's brief account of Czech history, a book on Comenius, a collection of works about the humanistic person, and further writings on classical philosophy will also be published. As you can see this is not insignificant.

Through these works we would like to familiarize the cultural public with Patocka within the next two years or so, and we hope that students at universities, where the opportunity to truly study philosophy is being opened up, can begin to get to know him. In approximately two years it will be possible to inaugurate the complete publication of the collected writings.

[PRACE] Are you working with the professors at Charles University? And is it possible for you to teach or give lectures about Prof. Patocka's work?

[Kouba] At the moment all our time is taken up with the editorial preparation of the text. We only touch on detailed interpretation in the context of drafting the writings, the epilogue, etc. However, considerable general interest in Patocka's work can be expected; many philosophy teachers, particularly those who are coming to university now, or are returning, as well as those who have been working there for many years are, in a certain sense, Patocka's disciples. Even philosophers who have totally ignored Patocka so far will certainly study him now. One can see an ever increasing interest in Patocka's works among foreign interpreters, particularly in French- and German-speaking areas, where his work is best known. Thanks to the untiring work of Erika Abrams a number of translations have been published in French, and Klett-Cotta Publishers are publishing extensive selected works in five languages, including German.

[PRACE] Professor Patocka officially retired at the beginning of the seventies, but apparently he continued to meet privately with a circle of students. Do you have any personal experience with this?

[Chvatik] From 1972, when he turned 65 and was forced to retire against his will, until his death in 1977, or to be more precise until Charter 77 was made public, Jan Patocka regularly held one or more seminars a week in his apartment, he held many individual lectures, and several semester lecture courses for a larger audience in the apartments of his listeners, and he actively participated in the regular philosophical seminar, led by Dr. Nesnidlova at the Psychiatric Clinic of the National Health Institute in Kliment'ska street. Naturally we regularly attended these seminars, lectures, and discussions along with other colleagues.

[PRACE] Do you think that the portion of Prof. Patocka's work in which he deals with human existence

in a wider sense is of more immediate interest to us, or is the portion dealing with patriotic heritage more important?

[Kouba] As far as systematic philosophic reflection is concerned, the focus of Patocka's many-layered intellectual legacy will indisputably be the way in which he interprets and links Husserl's and Heidegger's phenomenology, and possibly the direction in which he develops phenomenological philosophy. As far as general philosophical education is concerned, his interpretation of the history of philosophy, particularly classical philosophy, and his individual thoughts on the philosophy of history, will be extremely important. But his works on the status of Czech culture in Europe and on the philosophy of Czech history, which are bound to give rise to spirited discussion, will probably attract the widest public.

GERMAN DEMOCRATIC REPUBLIC

Law Revision, Market Economy Discussed

90GE0050A Potsdam STAAT UND RECHT in German Vol 39 No 3, Mar 90 pp 193-199

[Article by Prof. Dr. Dietrich Maskow of the GDR Academy for Political Science and Jurisprudence: "On Restructuring Property Law and the Consequences for Processes of Market Economy"]

[Text] 1. The present GDR constitution provides for two forms of property: socialist (Article 10) and personal (Article 12). In addition, small crafts and trade enterprises based predominantly on personal work are mentioned (Article 14, paragraph 12), but without characterizing them as to property law. Article 12 enumerates of what people's [national] property can exist exclusively; this also includes industrial enterprises in general. The 1968 version still spoke of "larger industrial enterprises"; in the 1974 change of the constitution the word "larger" was stricken.

2. The picture painted in the constitution even at that time did not conform to reality because, in fact, other forms of property also existed, such as foreign capitalist and socialist, mixed and national capitalist ownership, and also of objects where it was actually not permissible. Obviously, no expropriation was intended with the enactment of the constitution. For this reason, in the past the constitution was sometimes interpreted as not prohibiting mixed ownership, particularly since Article 12 did not demand that the respective assets had to be national property exclusively which, however, was probably intended by the 1974 constitution. Meanwhile the revision of the constitution on 12 January 1990 expressly permits the founding of enterprises with foreign participation and thus redresses an urgent need: But such an ad hoc measure naturally did not bring about a new concept of property law.

3. The dualism of the regulation of property law (socialist and personal property) reflected and deepened the

separation between the economic sector and satisfaction of personal needs. Socialist property is established in the economic sector (although not limited to it), personal property in the sector of satisfying personal needs. Both property forms, as far as possible (for instance, Article 17ff. ZGB) [Civil Code], are also regulated differently under the law, although not universally so (for example, Article 25ff. ZGB).

However, the unity of both sectors is of fundamental significance because the economy, i.e., primarily production, ultimately must aim at satisfying people's needs, and also for the reason that the market-effective individual requirements of millions of citizens ultimately provide the strongest driving force for economic development and must be made effective as such.

4. The dualism in the property question has continued, under different aspects, in a far-reaching differentiation between the economic area and that of satisfying personal needs. Particularly striking in this regard are the differences between industrial prices and prices for consumer goods, which are reflected in the valuation of foreign currencies which, among other things, is expressed in the application of commercial and noncommercial exchange rates. This split into two parts even shows up on the balance sheet where, for example, certain products for one or the other sector are not even entered (for example, interesting computer types not for personal use). Under such circumstances it was only logical that a legal distinction was also made between commercial and civil law, which in turn contributed to an ever wider drifting apart of these sectors. In a way this separation was a precondition for even being able to maintain the planned economy against the background of this continuing spontaneous market of satisfying personal needs. The market was excluded as an interference factor and only seen under the aspect of satisfying roughly estimated needs; this influencing factor was thus to be neutralized, modified and ultimately made malleable for planning. Quantitatively, qualitatively and structurally this led to an ever larger divergence between supply and demand. The situation was made even more precarious by the attempt to ravage the consumer market through the rigid system of consumer prices, which in the long run proves to be impossible in today's world.

5. Even the concept of satisfying personal needs is problematical since it suggests associations of a necessary evil rather than characterizing the starting point and goal of all activities as a decisive factor for the overall economic process. This underestimation of satisfying needs compared to the economy per se is also expressed in the separation of productive and nonproductive areas in which the latter, which occupy the sphere of satisfying needs, were largely neglected.

The idea that services are not goods also follows the same line. Such an opinion is unfounded politically and economically, because Marx considered as the decisive characteristic of a commodity that it represent utility value to others, and he in no way tied this trait to its

assuming material form. Whether a utility value proves its value as a commodity—because there is demand for it—does not at all depend on whether it is temporary or transient. (Thus an unfashionably made piece of clothing, because of a lack of demand, can disqualify itself as an actual commodity just like, or even more so than, a reserved but unused hotel room.) But in economic policy, also, such an idea proved to be harmful because it led to the opinion that production of services does not form national income. And that in turn served as justification for the total underdevelopment of the service sector which contradicts modern development trends.

6. It must be pointed out parenthetically that, in addition to the areas of industry and satisfaction of personal needs, there is also the foreign trade sector. It can be influenced only marginally by the GDR and therefore had to be channeled for the GDR economy through a complicated mechanism characterized by the concept of foreign trade monopoly. This required numerous special regulations (see point 18). As a trend, the organizational separation of national and international economy also led to ever greater friction losses.

7. Hence it is a matter of integrating the sector of so-called satisfaction of personal needs in the market economy now developing in the GDR, to shape prices and incomes accordingly, and to establish realistic exchange rates, uniform for all sectors, as a prerequisite for being able to gradually release the exchange at these rates, i.e., to bring about a convertibility of the currency in this manner.

8. A precondition for overcoming the separation between the sectors of satisfying needs and industry consists in clearly distinguishing between the socioeconomic and the legal concept of property. While the socioeconomic concept of property characterizes the position of assets in the acquisition process, whatever their substratum may be (physical objects, patent rights, claims), the legal concept expresses the relation of individual legal entities to assets (physical control, if one takes into account that the substratum consists not only of physical objects). The legal concept of property can extensively derive from the socioeconomic function of assets and thus be uniform. Hence the differentiations still existing in legal regulations should be eliminated. In this way makeshift solutions could be overcome such as Article 3 EGZGB, according to which Civil Code regulations are to be applied respectively to other property forms, if no special legal provisions exist.

9. Furthermore, the basic dualism should also be overcome in the socioeconomic concept of property by taking into account actually existing property forms, so that it does not stand in the way of correct recording and development of a differentiated property structure. Socioeconomic characterization of property should also be oriented toward the coordination of the different forms of property. It is thus a matter of making the legal concept of property uniform, while retaining and even

further refining the socioeconomic property concept. Naturally, for political reasons it is important to analyze who are the actors in the acquisition process, how they change, etc., since this is linked to social and other consequences. But that is on a different, nonlegal level.

10. Since the constitution is a legal document, in future it should contain a uniform concept of property. The constitution should protect property as a legal category, whereby it should simultaneously stress its linkage to overlapping goal settings.

A different question is whether, in the political-pragmatic part of a future constitution, goals will be set with regard to the socioeconomic distribution of property and the actors of the acquisition process. In this regard, for instance, one could make a provision for workers to acquire shares in their enterprises.

11. In implementing such a concept, inevitably the question arises as to who is to be the holder of people's property in the future, the subject of the acquisition process. The heretofore monolithic concept of people's property according to which the state is the holder (with a more or less clear articulation that the state acts as representative for all the people, all of society) and that this is manifested in graduated competences down to enterprises (not to individuals), has led to an almost complete immobility of people's property. In principle, its economic potential could not be made effective in the meaning of economic efficiency, including performance stimulation.

12. It is therefore important to make people's property flexible. This requires its dismantlement. For this purpose, state-owned enterprises and other suitable units would have to be organized in appropriate forms of corporate law, such as companies with limited liability [GmbH], perhaps also joint stock companies, etc. Their assets would have to be documented as shares according to the respective form chosen under company law. Initially, the shares could be assumed by the state authorities to which the state-owned enterprises had been subordinated. Later, specific suitable organizational forms could be created. It would be conceivable to form holding companies to execute the rights documented in the shares, and also to buy and sell such shares. They could be created locally for communities, and centrally according to the sectors of industry. The holding companies would have to be responsible and accountable to the respective corporations represented. According to the shares held by them, they could represent the people's property in the companies' supervising bodies. On the basis of the shares held by the holding companies, they could bring state-owned companies into enterprises with foreign participation, which otherwise would often be difficult to manage. They could also sell the shares, for example, preferably to employees working in the respective enterprises, but also to the general public, including foreigners. For that, suitable markets would have to be created (stock exchange). Naturally, the representative corporations hold the power of disposal

over the shares. By their participation, they would have no operative influence on management in the enterprises, but only on basic decisions in the company's supervising bodies.

13. The proposed property structure leads to a separation of capital property and capital function and thus forms the basis for overcoming the state's identification with its industry, i.e., the merger of safeguarding societal interests as a whole with economic activity, which has led to the neglect of the infrastructure, of the ecology, and ultimately to the collapse of the socialist national economy.

14. Since the state had considered itself responsible for direct economic activity of the working units, it also had to mobilize it; for that, it had available only the administrative tool of planning, complemented by operative intervention. In economic organization a structural schematism was implemented (combine structure), because homogeneous structures can best be ruled by the central office. In contrast to that, a differentiated economic structure is necessary to cope with the greatly divergent economic demands.

The bitter experience of the past with its numerous experiments has shown: From the central office it is neither possible to estimate constantly changing demand within the framework of the overall economy nor can the existing capacities be assessed from there and effectively used, particularly not the quantitative and qualitative reserves of the economic organizations. Hence the planned economy offers no more guarantee against erroneous developments in estimating demand than does the market economy, but its mistakes are of a greater dimension, they are difficult or impossible to correct, and it can provide no incentives for rapidly overcoming the consequences of erroneous estimates, as can be done in a market economy.

15. Ultimately, the sovereignty of the state's economic management is endangered by the aforementioned identification. In decisions on requirements of the ecology, technical safety, and labeling of products (for example, with regard to production dates, contents, etc.), the state is caught in the dilemma of having to balance its responsibility as trustee of overall societal interests and its interests as implementer of economic activity. All too often this resulted in the state's sacrificing its overall societal tasks to its economic interests, which in turn hurt the economy.

16. If these reflections are correct, then there is no need to guarantee people's property as long as possible and to the largest possible extent. (I speak here of industry and disregard specifics in sectors such as the infrastructure, local management, etc.) On the contrary, there are some factors in favor of the state rapidly getting rid of a large part of people's property, particularly if a broad property distribution ensues due to supervised sale of shares, thus countering the formation of influential groups strong enough to force the state not to carry out its mandated

responsibility for all of society. To a certain extent the shares could also be used, in a socially justified way, to partially make up for the de facto devaluation of savings (loss of purchasing power) which is irrefutably linked with the planned drastic curtailing of subsidies.

17. The state's powers in the economic sphere, which are indispensable for the economy's ability to function, do not have to be justified by people's property. They result from the state's overall responsibility as society's representative for the development of all, and from the linkage of property to overlapping goal-settings determined by democratic will.

18. These powers should be concentrated on the shaping of general economic conditions, while improvement of business administration becomes the responsibility of enterprises. The general conditions must be set in such a way that they integrate improved business management in overall economic goal-settings. If one characterizes centrally made decisions as directed at basic issues, it is not quite appropriate because it is not so much a matter of dividing them into general and specific decisions; rather, at the state level subject matters different from those in the enterprises should be decided. Essential matters of the general conditions to be decided by the state are the shaping of finances and taxes, the requirements of environmental protection and technical safety, to mention only a few. Problems of structural policy are on the borderline between direct economic decisions and general conditions. Despite the bad experience the GDR had with fundamental structural policy decisions by the state or the SED [Socialist Unity Party of Germany], respectively, one must probably grant the state an important role when it comes to decisionmaking which goes beyond the framework of optimizing business management. Broad democratic cooperation and control must be ensured, and the possibilities of a later business-administrative integration must be taken into account.

19. A uniform legal concept of property would also permit a closer shaping of the link between civil law, corporate law, and international commercial law. With regard to corporation law one can probably start from the premise that, with the separation of capital property and capital function—and independent of the extent to which people's property is being sold thereby—one removes the right to combine managerial and planning elements on the one hand, and elements of corporation and contractual law on the other, in a uniform branch of the law. Rather, an administrative commercial law will come into being comprising the law of competition, tax law, right of economic supervision, environmental law, technical safety law, foreign trade law, etc., which, with regard to the latter, will grow together with the respective component of international commercial law. The law concerning enterprises and contractual law (mercantile law in the narrower sense) will develop relatively independently, whereby contractual law in particular will again establish clearer relations with civil law, although the particular traits of both areas will not disappear. Lacking uniform international regulations and applying

GDR law, corporate law and mercantile law in the narrower sense will also be applied directly to international economic relations. Special regulations, such as the law on international economic agreements and the ordinance on the founding and activity of enterprises with foreign participation in the GDR, will become superfluous with the decrease in organizational separation between internal and external economic relations. They were needed to take into account the fact that in international trade relations, particularly in those with developed market economies and developing countries, market-economy principles are applied, and because special regulations were necessary if the GDR did not want to waive application of its own laws to these relations. If the internal economic system of the GDR is converted to market-economy principles, it seems appropriate to follow the direction of the special regulations created in particular for international trade relations; in the sector of contractual law, for instance, the law on international trade agreements, whereby the standards directed at the internationality of the relations regulated would not play a part in this respect. Under these circumstances, the international commercial law would concentrate on international trade law as a uniform law and on other areas of the trade-related uniform law, on integration law, and international economic law.

HUNGARY

Licensing of Use of Secret Service Means, Methods

Text of Interim Law

25000697B Budapest MAGYAR KOZLONY
in Hungarian No 14, 14 Feb 90 pp 285-286

[Law No. 10 of 1990 concerning the interim regulation of the use of special secret service means and methods; adopted by the National Assembly at its 25 January 1990 session]

[Text]

1.1. The secret services established in the interest of protecting the sovereignty and the constitutional order of the Hungarian Republic may utilize special secret service means and methods (hereinafter: special methods) as provided for in this law.

1.2. All means and methods applied without the knowledge of the affected person, the use of which may violate the sanctity of private homes, and rights attached to private secrets, the secrecy of mail, and the protection of personal data constitute special methods.

1.3. Special methods may be used only if the data cannot be obtained otherwise.

2. Special methods may be used in the following cases:

(a) In the acquisition of confidential information required by governmental activities for the purpose of enforcing the economic and national defense interests of the Hungarian Republic;

(b) To acquire intelligence information on, and to uncover covert efforts which endanger the sovereignty, or the economic and national defense interests of the Hungarian Republic;

(c) To protect the armed forces and structures that are important from the standpoint of governmental activities;

(d) To acquire intelligence information on crimes against the state (Criminal Code of Laws [Btk] Chapter 10), crimes against humanity (Btk Chapter 11), and the criminal acts of terrorism (Btk 261), the hijacking of aircraft (Btk 262), incitement against the community (Btk 269), the spreading of disquieting rumors (Btk 270), escaping abroad (Btk 343), sedition (Btk 352), and the endangerment of military preparedness, and persons who may be suspected of committing such crimes and criminal acts;

(e) The protection of persons placed in particularly important and confidential positions with their knowledge;

(f) The security control of persons who immigrate to Hungary or who apply for refugee status in Hungary.

3. From among the special means, data collection by way of technological means, the control of mail, and the surreptitious entry into private homes shall be authorized by the minister of justice if the interest specified in 1.1 is gravely endangered.

4.1. The authority to use special means must be requested in writing and the authority must be granted in writing.

4.2. Such requests must be submitted by the heads of secret services.

4.3. The use of special means may be authorized for a one-month period. The authority may be extended for an additional month, provided that conditions for the use of special means, as defined in Section 1 exist.

4.4. The request to authorize the use of special means and the request to extend the authority to use special means must be justified in detail by describing the existence of conditions defined in Section 1 and the purpose of taking such action.

5.1. The use of special means must be discontinued if such use has achieved its purpose or if it has become apparent that the special means used are unsuitable for achieving the purpose. In such a case all the data that have been collected and which are unrelated to the order shall be destroyed.

5.2. In the event that the use of special means does not provide grounds for the initiation of criminal proceedings against the controlled person, the authority requesting the authorization shall inform the controlled person of the action taken. Thereafter the data acquired in the course of the action shall be destroyed.

6.1. The special means defined in this law may also be used by the criminal law enforcement organs of the police in order to prevent and uncover criminal acts.

6.2. The criminal law enforcement organs of the police may use the special means defined in Section 3 only in order to prevent and to uncover criminal acts not enumerated in 2 (d), and only in regard to intentional criminal acts punishable by more than five years in prison or by a more severe sentence.

6.3. Requests for the authorization of the use of special means as provided for in 6.2 may be submitted by the head of the Ministry of the Interior, National Police Command to the minister of justice pursuant to the provisions of 4.1 and 4.4.

6.4. The provisions of Section 5 apply in regard to informing the controlled person and the destruction of data acquired in the course of control action.

7.1. Section 11.1 of Decree with the force of law No. 17 of 1974 concerning state and public security (hereinafter: decree) shall be replaced by the following provisions:

"1. Except as provided for in Section 4, the protection of state and public security within the scope of this decree shall be performed by the organs of the Ministry of the Interior."

7.2. Section 11 of the decree shall be amended by adding sections 5-7 as follows:

"5. The functions specified in Section 4 shall be performed by the national security services which operate under the supervision of the chairman of the Council of Ministers.

"6. The heads of national security services shall be appointed and relieved of their duties by the Council of Ministers.

"7. A separate law governs the functions and operations of the national security services. Until such time that this law goes into effect, the functional scope and organization of the national security services shall be determined in a decree promulgated by the Council of Ministers."

Section 8.2 of Decree with the force of law No. 10 of 1971 concerning the service relationship of the professional staff of the armed forces and armed bodies shall be replaced by the following provision:

"The effect of this decree with the force of law shall extend to the professional staff of the armed forces

(people's army, border guards), the police, the penal authorities, and the national security services (hereinafter: professional staff)."

9. This law takes effect on the day it is promulgated; simultaneously the service and work relationship between the professional and civilian staff members of the national security services and the police shall cease.

[Signed] Dr. Matyas Szuros, provisional president of the Republic

[Signed] Dr. Istvan Fodor, acting president of the National Assembly

Legislative Intent

25000697B Budapest MAGYAR KOZLONY
in Hungarian No 14, 14 Feb 90 pp 287-288

[Text] Legislative intent to accompany the legislative proposal concerning the interim regulation of the use of special secret service means and methods.

General Intent

The security services of the Hungarian Republic also utilize secret means and methods in the course of protecting national sovereignty and the constitutional order, and further, in the interest of enforcing important governmental interests. Secret means and methods are also utilized by the criminal law enforcement organs of the police in the course of performing their functions. By virtue of their character and peculiar features, these means and methods also affect and restrict fundamental citizen rights. Pursuant to Section 8.3 of the constitution, as amended by Law No. 31 of 1989, such restriction may be governed only by a law with the force of the constitution.

Pursuant to 40/A.2 of the Constitution, detailed rules related to state security must be provided for in a law with the force of the constitution. At the same time, 39.2 provided that the Council of Ministers submit legislative proposals required for the implementation of the law that amends the Constitution, by 30 April 1990 to the National Assembly.

Until such time that a law providing detailed rules related to state security and the police is created, it is indispensable that the organizations established for the protection of the country's, the nation's security—organizations that protect the constitutionally guaranteed fundamental rights of citizens—may use secret service means and methods implicit in their workings along with appropriate guarantees.

The proposal contains only the most important provisions which ensure the proper functioning of both the services and the criminal law enforcement organs of the police, and which protect the fundamental rights of citizens during the interim period until comprehensive, detailed rules take effect.

Section by Section Analysis

Sections 1 and 2

The secret use of special means is conditioned by the fact that such use is authorized only in regard to national security functions performed in the interest of protecting the sovereignty and constitutional order of the Hungarian Republic. These functions are as follows: the prevention, uncovering, and barring of covert endeavors which threaten internal and external security; the acquisition of secret information needed for governmental decisionmaking; the identification of criminal acts which represent special danger, and of persons who may be suspected of committing such acts; the protection of persons who work in particularly important positions; and the security control of persons immigrating to, or applying for refugee status in Hungary.

These means may be used by state organs established to perform the enumerated functions. Specifically: the intelligence and counterintelligence service, the military counterintelligence service, and the military intelligence service of the Hungarian People's Army.

Sections 3 and 4

Conditioning the use of special means by authorizations received from the minister of justice in fields where the potential of violating rights appears to an increased extent, and where the character of the means to be used requires and makes possible advance authorization represent a rule which protects the fundamental rights of citizens and which has the significance of a guarantee. It follows from the peculiar features of secret service and criminal law enforcement work that the advance authorization of certain types of secret means (e.g. observation of individuals, the use of informers) cannot be resolved from a professional standpoint.

Requests for authorizations—which must be justified—may be submitted by the head of organs which oversee the secret services and criminal law enforcement organs, i.e., in regard to the secret services this means the head to be appointed by the Council of Ministers, and in regard to criminal law enforcement organs the national police chief.

Section 5

The proposal serves to protect fundamental personal rights by permitting the use of special means only as long as that is absolutely necessary in order to achieve the purposes specified by law.

The requirement that all data acquired through special means not related to the order must be destroyed instantly, represents a guarantee.

Section 6

Rising crime, the growing organizational character, and the strengthening of the international character of crime demands better crime prevention and criminal law

enforcement work from police organs. So that the criminal law enforcement organs of the police may perform their work more efficiently, they must not lack the authority to use secret means and methods.

Use of the means enumerated in Section 3 of the proposal enables the use of such means only in regard to the uncovering of criminal acts which represent special threats to society.

Sections 7 and 8

In conjunction with the law, the proposal also includes amending provisions. Amending the decree with the force of law concerning state and public security is consistent with the political changes. The law states that henceforth, functions related to the state's internal security will not be performed by Ministry of the Interior organs, but by the national security service.

Henceforth, the national security service will no longer be part of the police, and will not be directed by the Interior Minister, but will be supervised by the chairman of the Council of Ministers, and its leaders will be appointed by the Council of Ministers.

According to the proposal, the functions and operation of the national security service must be governed by separate law. Until such law takes effect, the fundamental issues attending the structure of these services must be settled. For this reason, the proposal authorizes the Council of Ministers to provide for operating conditions by way of a decree during the interim.

The proposal amends the decree with the force of law concerning the service relationship of the professional staff of the armed forces and armed bodies. It extends the effect of the decree to cover the professional staff of the national security service.

MSZP Corporation Takes Over 4 Daily, Weekly Newspapers

Publisher's Trade Union Complains, MSZP Official Responds

25000697A Budapest NEPSZABADSAG in Hungarian
3 Apr 90 p 5

[Article by P.L.: "Newspaper Publishing Enterprise (Hirlapkiado Vallalat) Versus Imre Nagy"]

[Text] Yesterday afternoon the trade union plant committee at the Newspaper Publishing Enterprise released the following note of protest to the press:

"We inform the public that at the trade union meeting of the Newspaper Publishing Enterprise we received information containing documentary evidence according to which the Hungarian Socialist Party [MSZP] transferred the founding, i.e. ownership rights, to the newspapers ESTI HIRLAP, VASARNAPI HIREK, FIGYELO, and MAGYARORSZAG to a limited liability corporation

established by the MSZP. The effective date of registration is 28 March 1990. The limited liability corporation established by the MSZP is called Enterprise Organizing and Servicing Limited, and is domiciled in Budapest, 19 Szechenyi Quai. The transfer took place without the knowledge of the concerned publishing and editorial staff. We are aware of the fact that as charged by the MSZP, Imre Nagy, head of the single person limited liability corporation, was given the responsibility of offering these newspapers for purchase to foreign capitalists and banking consortiums, and as a second step to transfer the publisher deprived of its profitable newspapers to the state, in disregard of the publishing staff which then becomes unemployed. The trade union membership meeting regards all of this as an MSZP action to salvage its property, and seeks the broadest possible help from the public at large. We object to the selling out of the largest circulation daily and weekly newspapers of the Hungarian press!"

* * *

Last night our reporter asked Imre Nagy whether he was aware of the protest, and if so, what his opinion was.

"I am familiar with the text of the protest, even though I was not informed officially. I have four matters to add to it. First: It is true that the Socialist Party transferred the four newspapers mentioned to a single person limited liability corporation that it established itself. These newspapers are the property of the Socialist Party; from the standpoint of their future they require the establishment of a business organization because they cannot be competitive unless capital is attracted. The party cannot be directly involved in the establishment of such a business organization; that is why there is a need to establish a suitable organization. Second: All of this was laid out accurately, in writing, to a conference held in mid-February, at which all editors in chief, all publishing division heads, and representatives of the trade union took part. The conference agreed to the entire transformation program, and within that to the establishment of the already mentioned limited liability corporation. Accordingly, in reality what is at issue is not whether they have learned all of this at present, but whether certain workers at the publisher have now faced the issue that a reduction in force is required at the publisher.

"Third: Although these days it is very fashionable to speak of the salvaging of property, that is not the case here. The property of the party is not concealed; it may be part of the accounting to the public in the same way [as published]. But no one could expect us to treat this property as inert capital until such time that the accounting is complete. Finally, my fourth remark: Every editorial office where there is specific talk about the establishment of a business organization, regardless of whether this takes place with foreign or only with domestic participation, was aware of these negotiations and participated in the negotiations. No steps were taken to which the given editorial office staff did not agree to. In summary, then, I may say that we are dealing with a

legitimate step, and the given staff community was not left out of a single step that affects the staff."

4 Newspapers React

25000697A Budapest NEPSZABADSAG in Hungarian
4 Apr 90 p 4

[Unattributed report: "The Four Affected Newspapers on the Single Person Limited Liability Corporation"]

[Text] The MSZP transferred ownership rights to ESTI HIRLAP, VASARNAPI HIREK, FIGYELO, and MAGYARORSZAG to a single person limited liability corporation established by the MSZP itself. "Were you aware of this," we asked the affected newspapers.

ESTI HIRLAP editor in chief Denes Maros:

[Maros] We are aware of many things, but not of this one. According to our plans we would have established a limited liability corporation or a stock corporation in order to enhance our technical development, quite naturally in the framework of continued cooperation with the Newspaper Publishing Enterprise. Initially we envisioned our future with Hungarian participants only; later we considered the possible attraction of foreign capital. Since our editorial office is not a legal entity, it conducted only preliminary negotiations regarding this matter, but all the attempts failed because ownership rights had not been clarified. It was at the end of last week that we were informed for the first time of a sale at full value in our case (the firm in question is Springer). Just two weeks ago Imre Nagy informed us that selling the paper would be out of the question. On Monday, after word spread that they are planning to sell our newspaper to Springer, we invited Imre Nagy to a special conference of the editorial office to clarify the situation at last. It was at that time that we were told that indeed there had been an expression of foreign interest and that indeed a sale at full value had been discussed. At the conference we agreed upon a "kind of a contract" which would state that no transformation, sale, etc. of any kind would be realized without asking, and without obtaining the consent of the editorial office.

[NEPSZABADSAG] In your view, would a sale at full value represent the selling out of ESTI HIRLAP?

[Maros] It would be unusual for the editorial office to be "transferred" to a Western firm, whether this takes place voluntarily or involuntarily. I also question whether a Western firm would change nothing if it purchased an entire newspaper. I have in mind here the personnel, the structure of the newspaper. On the other hand, for the time being, Springer is only finding out things, he has not come forward with a specific offer. I have the feeling that despite all the rumors, the newspaper will not be bought in its entirety.

VASARNAPI HIREK editor in chief Zoltan Lokos:

[NEPSZABADSAG] Is it true that the MSZP transferred ownership rights to VASARNAPI HIREK to Enterprise

Organizing and Servicing, Limited without the knowledge of the publishing and editorial staff?

[Lokos] It is not true. We were aware of everything, and we agreed with the action taken. Our editorial office has been planning for a long time to sever itself from the Newspaper Publishing Enterprise, an organization it regards as an institution having a bureaucratic apparatus. In our case we are not dealing with the buying up of all rights, but with the establishment of a limited liability corporation that would operate with capital attracted. This would be accomplished with cash provided by Imre Nagy's corporation, and with the participation of the editorial workers. I am amazed about those who drafted the publisher's protest. This was a conservative, retrograde manifestation, because after the establishment of the VASARNAPI HIREK Limited Liability Corporation salaries would have increased, and technology would have been modernized at last. It is our hope that soon we will complete registration at the Court of Registry. Returning to the matter concerning the Newspaper Publishing Enterprise, we feel sorry for people who are perhaps concerned that they will become unemployed. We hope that this fear is unfounded. Everyone must understand that in the process of transformation editorial offices must keep in mind their own interests, i.e. the long overdue modernization of the newspaper and the working conditions of journalists. This endeavor was affirmed at Tuesday's all-editorial conference.

MAGYARORSZAG editor in chief Andras Kanyo:

[Kanyo] Word about the transformation of the newspaper, and within that, the registration of our proprietorship by a single person limited liability corporation, did not strike us like lightning. The only matter that outrages me is that they presented the editorial staff with completed facts; I myself learned from the president that we are now owned by Enterprise Organizing and Servicing, Limited, and that those who transformed us did not consider it important to personally inform the editorial office.

[NEPSZABADSAG] Well then, why did the word not strike you like lightning?

[Kanyo] If I recall correctly, at the leadership meeting at which Imre Nagy, the member of the MSZP presidium charged with accomplishing transformation, took part for the first time, in addition to the editors in chief and enterprise managers of the newspapers belonging to the Newspaper Publishing Enterprise, the matter of establishing a single person limited liability corporation in the course of transformation was mentioned as one of several possibilities.... I believe that no one of those present took this seriously. Despite this fact the work began, and thereafter we were only informed of the final outcome.

[NEPSZABADSAG] What next?

[Kanyo] We have been working on transforming the editorial office in agreement with the publisher for

three-fourths of a year. We have rejected several foreign offers which appeared attractive, "merely" because our partner did not want to recognize that publishers and editorial staffs also have their own interests. At this time we are working on establishing a fully Hungarian company. Newspaper Publishing Enterprise will be a member of the company. They are the present publishers of MAGYARORSZAG. Our newspaper has been independent from the MSZP thus far, and this will continue to be the case hereafter. We do not recognize the limited liability corporation, and the fact that they decided our fate without asking us; we will continue to reorganize our newspaper the way we started.

* * *

Yesterday in the early afternoon hours Imre Nagy reported the MSZP position to the leaders of the economic weekly FIGYELO. Following a discussion which lasted for about an hour, deputy editor in chief Janos Follinus issued a statement to our reporter.

[Follinus] We are aggrieved by the fact that we learned about the establishment of the property management limited liability corporation from the TV news. At present, following the discussion, we see the situation somewhat more clearly, because Imre Nagy has assured us that nothing will take place contrary to the will of the editorial staff. The possibility of establishing a business company still remains open to us, but it is certain that the political storm in the making that surrounds the limited liability corporation will deteriorate our negotiating position. And one must not forget that for the time being registration of the firm has not taken place.

[NEPSZABADSAG] What does FIGYELO want in the end?

[Follinus] FIGYELO is a profitable newspaper with a 33-year background. It intends to operate as an independent enterprise in the future.

Constitutional Court Deputy Chairman Interviewed

25000697C Budapest HETI VILAGGAZDASAG
in Hungarian 6 Apr 90 p 79

[Interview with Laszlo Solyom, deputy chairman of the Constitutional Court, by Andras Lindner and Zoltan Horvath, under the rubric "Portrait"; place and date not given—first two paragraphs are HETI VILAGGAZDASAG introduction]

[Text] Laszlo Solyom, 48, is considered an expert in the field of human rights and environmental and communications law. He obtained a law degree at Pecs. The young man, who was interested in the humanities, was driven toward this career first by coincidence and later by his parents' will: Solyom also attended a conservatory, but did not begin a career in music because as a result of excessive practice he contracted a stubborn case of tendonitis. Parallel with his study of law he completed

the five-semester librarian course at the National Szechenyi Library, and thus received his second diploma in 1965. For a short period of time he worked as a clerk at the Kispeszt court. In 1966 he received an offer to conduct comparative studies in the German Democratic Republic regarding the laws of socialist countries. But at the Friedrich Schiller University of Jena he was faced with a tortuous surprise: He was told to teach German law instead of comparative law, which in the meantime had been declared a pseudoscience. Once he returned home with a German law degree in his pocket he obtained a position as an assistant associate at the Institute of Law and Political Science of the Academy. Meanwhile, for five years he held a second job at the Parliament's library. He made great use of that work in his scientific endeavors. During the 1970's he spent a prolonged period of time in the United States and in the Federal Republic of Germany on scholarships.

"Although I find it difficult, even miserable to write, I have always been pleased with writing books. My books entitled 'The Decline of Responsibility under Civil Law' and 'The Theory of Personal Rights' were also published in the West," he notes. Laszlo Solyom has been teaching at the civil law department of the Lorand Eotvos University of Sciences since 1983: "I am proud that in 1984-85 I became the teacher of the year, and that my lectures were taped." It was at that time that the legal scholar became more interested in politics: He actively participated in the activities of the Danube Circle, and along with that he made countless presentations—about civil rights, among other matters—at the Bibó and Rajk specialized colleges. Solyom is a founding member of the Hungarian Democratic Forum [MDF]. Since November, 1989 he has served as deputy chairman of the Constitutional Court.

[HETI VILAGGAZDASAG] The annulment of the law on taxing mortgage interest payments was the first time in a long time that a body had vetoed a decision made by Parliament. How did it feel?

[Solyom] What can I say? It was a good feeling. This was a good decision. We reached the decision after thorough preparatory work. I examined, for example, whether inflationary income may be taxed abroad, I tried to find out firsthand how the decision relates to the conditions established by the International Monetary Fund, and I paid attention to the fact that we deliver our opinion prior to the IMF decision.

[HETI VILAGGAZDASAG] Did you receive warnings from behind the scenes prior to the decision?

[Solyom] No one wanted to influence us, if that is what you mean. Our associates received signals, of course, kind of worried questions, but these pertained solely to the timing of the decision. In the course of the election campaign the Social Democratic propaganda campaign used the abolition of the tax on interest payments as a weapon, as if they deserved credit for that. I categorically reject this notion. The decision would have been the

same had only one nameless person proposed the abolition, instead of 16,000 petitioners.

[HETI VILAGGAZDASAG] Are you making payments on a housing-related National Savings Bank [OTP] loan?

[Solyom] Yes, 800 forints per month.

[HETI VILAGGAZDASAG] Many say that a two-thirds majority will be needed for the adoption of tax laws, and this may paralyze everything. Do you agree with this statement?

[Solyom] It would be worth the new parliament's time to consider adopting a narrow construction regarding the sphere in which laws having the force of the constitution are needed. Another solution would be to require a two-thirds majority only for the provisions that affect the basic law, and not for the entire law.

[HETI VILAGGAZDASAG] You became an adult in the 1960's, and on top of that you were in the GDR at the time. To what extent were your political views influenced by your experiences there?

[Solyom] I was extremely isolated in my work. As one outside the party, a Bulgarian colleague and I were the bourgeois positivists. Nowhere did I adopt the GDR style; I cultivated the traditional German law at Jena.

[HETI VILAGGAZDASAG] As a member of the Danube Circle and an active environmentalist you played an opposition role....

[Solyom] The sole opportunity to put my theoretical views into practice opened up within the Danube Circle and in the youth movements. This became my political education, together with all of its positive and negative aspects.

[HETI VILAGGAZDASAG] What do you sense as negative in politics?

[Solyom] The volume of unnecessary debate, the waste of time, the pulling apart fostered by personal ambition. Despite all of this I feel tremendous joy whenever I visit the Danube bend and see that the Danube is still there.

[HETI VILAGGAZDASAG] Could you reveal to which opposition group you belonged?

[Solyom] To none of them. On the other hand I kept in touch with very many groups. I still feel kindly toward the founding members of the Danube Circle, and about my students who later provided the core to the Association of Young Democrats [FIDESZ]. I should note here that I do not make friends easily, I address people informally only with difficulty—in this respect perhaps one can see the German influence.

[HETI VILAGGAZDASAG] And yet, when you later joined the MDF as a founding member, to the amazement of many, you started a political career in the open. Within the MDF you even became a member of the national presidium. And then, in November, at the

threshold of success, you suddenly turned your back on the MDF. Could it be that you were frightened?

[Solyom] That's out of the question. As recommended by the MDF, the Opposition Roundtable nominated me as a constitutional court judge. I confess, the post of becoming a constitutional court judge came at the best of times, because I feel that this job was tailored for me: It combines scientific work and legal tasks, and at the same time it is expressly a political function, albeit only indirectly. But I would have retreated from daily politics following the conclusion of the "fight for freedom."

[HETI VILAGGAZDASAG] You must be absolutely independent in your new post. Would you initiate proceedings against the MDF if the party passed an unconstitutional law in Parliament?

[Solyom] We have no authority to initiate such proceedings. We would discuss a case if a proposal of this nature were made to us. There is no place here for any subjective emotion.

[HETI VILAGGAZDASAG] You declared the tax on interest payments null and void while wearing your robes. Who paid for the robes?

[Solyom] The Constitutional Court. In most places abroad they deliver opinions in robes like this. One conducts himself differently while wearing a robe.

[HETI VILAGGAZDASAG] In your position you are a respected public law authority in society. Is this the kind of career you perceived for yourself all along?

[Solyom] I was never interested in positions, per se. I was never excited about outward appearances either. For example, the kind of room I am sitting in. Look, in terms of "rank" this room is the equivalent of the prime minister's chamber. It does not look like it, but this is not my greatest concern. I am very aware of the weight of this office. But the real respect must come as a result of the decisions.

[HETI VILAGGAZDASAG] Now that we are beyond the first round of elections, how did the "founding MDF member" react to the victory of his former party?

[Solyom] I cannot make any kind of political statement. At home, I told my wife the way I felt, of course.

YUGOSLAVIA

Bosnian LC Leader Proposes Split in LCY

90EB0287A Zagreb *DANAS* in Serbo-Croatian
6 Feb 90 pp 14-16

[Interview with Desimir Medjovic, Presidium member of the Bosnian League of Communists, by Vlatimir Mijovic; place and date not given: "Fear of an Open Door"]

[Text] Desimir Medjovic, one of the most adept members of the Presidium of the Bosnian League of Communists

[LC] Central Committee [CC] during the last term, talks about his shocking proposal at the Congress and the stormy reactions that it elicited, the chances for the Yugoslav leftist option, the characteristics of a multi-party system in Bosnia-Herzegovina, the ZAVNOBiH [Anti-Fascist Council of People's Liberation of Bosnia-Herzegovina] Declaration, and the superiority of the separation model over the model of a "federation of federations."

Although constantly interrupted by the audience's objections, Desimir Medjovic nevertheless succeeded at the interrupted plenary session of the 14th LCY [League of Communists of Yugoslavia] Congress in presenting an initiative from himself and several other delegates for dividing the LCY into a party of communists and a party of socialists—an initiative that aroused tremendous public interest. His speech will be remembered not only for the rude reactions from part of the audience at the Congress, but also for the sharp response from Dr. Nijaz Durakovic, the president of the Bosnian LC Central Committee. The latter's reply later resulted in an avalanche of reactions among the Bosnian party rank and file, and among the public at large, to which Desimir Medjovic was well known during the last term as one of the most adept members of the Presidium of the Bosnian LC Central Committee. Medjovic, an instructor at the Sarajevo Economic School, was particularly known for his insistence upon the institutionalization of political pluralism, which he advocated even while the leadership he belonged to was committed to nonparty or partyless pluralism. Nevertheless, he simply shocked many people with his open support at the Congress for the socialist wing of the present LC, and his idea of dividing that organization.

[DANAS] Was the party congress really the right place to suggest splitting the LCY into a communist party and a socialist party?

[Medjovic] Your question is obviously inspired by suspicion, and indirectly suggests a negative answer. In any case, I agree that that proposal is too radical, surprising, and unusual, and that it was almost a shock to many people. But can we really get out of this universal social crisis without radical measures, without breaches that penetrate the very soul of those social structures which are objectively the sources and generators of that crisis? And is there any serious and honest person who will not state that the LC, as we have heard recently, is the "center of the Yugoslav chaos"?

Let us understand each other, however. That proposal is by no means, as some people have suggested, a proposal aimed at denying communists' right to legitimate organization and activity, or denying the ideas on which communists' ideology is based; consequently, it is not any sort of call for breaking up the organization in order to deny the very idea, rights, and legitimacy of its expression. That would just be undemocratic. It is quite the opposite. In fact, that idea is being offered a real chance to express itself and to be a legitimate option, but in a different, pluralist environment, in which it can only

confirm its real validity in competition with other ideas and options. Otherwise, it faces the danger of disappearing in the constant, apparently "reformist" attempts (which cannot succeed, if only because they do not take into account the actual, existing state of affairs), in which—this is very important—very many people would feel terribly disillusioned. The catharsis of disappointed and manipulated people who have received constant reassurances about reforms and transformation, when there cannot be any reforms or transformation, could have unforeseeable consequences not only for the communist idea, but also—and this is even more important—for the leftist idea in general.

The whole of the matter is simply that reform and transformation are actually impossible. How can there be any reform and transformation of a party which unites within itself all, or almost all, ideological and political options? The dilemma is that in that situation, a unified organization or a league of leagues is only a training ground for demagoguery or an intensification of the conflicts through legalization of what also actually exists and is expressed through republic/provincial or ethnic divisions. That is why it is necessary to divide according to different ideological and political orientations; this would quite certainly not take place along republic/provincial and ethnic lines, and would permit the emergence of two Yugoslav parties and offer a real chance for the leftist option under pluralist conditions. Do not forget that the Declaration, as the fundamental document of the congress, had the slogan "For Democratic Socialism in Yugoslavia." If we are really sincerely in favor of democracy and Yugoslavia, then our idea is the only one of all those that appeared at the congress that really offered a chance for both democracy and Yugoslavia. All of the others jeopardized either democracy or Yugoslavia, and in fact, both democracy and Yugoslavia.

I wish I were mistaken, but it seems to me that this congress was really the last opportunity for such a course of events, and that the opportunity was irrevocably lost. That is why this congress was precisely the right place for that proposal, the last opportunity for us to be divided not into republics and provinces (as everyone knew would happen), but instead into communists and socialists, i.e., into Yugoslav communists and Yugoslav socialists.

In the end, with respect to the personal motives for that proposal, obligations are now practically ending to the organization that you belonged to, regardless of how you got into it, whether you had any other possibility at all, whether everything was clear to you, and why it wasn't, regardless of who was responsible for all that, whether you feel deceived, whether you have something to blame on someone else or yourself, etc. Everything that could have been tried has been done. Now, as they say, I can get out of all that with a clear conscience, with my baggage which is solely my own, without any feeling of guilt or hypocrisy, and do what I really believe in—or, perhaps, not do anything.

[DANAS] The delegates at the congress rejected your initiative by an enormous majority of votes. Would it have fared better among the party rank and file?

[Medjovic] That is rather hard to assess, although it seems to me that a somewhat larger number, or perhaps even considerably larger number, would have accepted that option. The delegates at the congress, however, were chosen "activists," and furthermore rather closely tied to republic and provincial positions.

That vote was interesting in many respects, however, and could be analyzed from various aspects. Nevertheless, our proposal received the most votes of all those offered, with the quite understandable exception of the Slovene proposal for a league of leagues (which probably all the Slovene delegates, some of the Croatian delegates, and possibly a few others voted for). In a situation in which that proposal was the only one to be dealt with in a shameless demagogic briefing immediately before the voting, probably only firmly convinced socialists voted for it. Those who have doubts—and there are more than a few of these in the LC, as far as I know—were probably afraid of the wide open door. If there had not been any manipulation of our initiative, if the attitude toward it had been truly democratic, if an explanation had been provided to the delegates and arguments had been used, instead of demagogy, empty phrases, an appeal to emotions, and, finally, threats, I believe that the number of those voting for it would even have been considerably higher. That is not important now, however. The essential thing is that it was shown that the number of convinced socialists was still large enough for the emergence of quite a strong party, and perhaps even a large one. That is extremely important for the leftist idea. Of course, the possibilities for delineating Yugoslav parties with communist and socialist orientations under present conditions have been considerably reduced, if they exist at all.

That is possibly an insurmountable problem for the leftist option. The strength of other options, the right-wing and nationalist programs, is considerably higher at the republic/provincial level than at the Yugoslav level. In fact, in the long run the leftist option, even though it now looks very different in different parts of the country, only has a chance in Yugoslavia if it is a Yugoslav option. It is probably too late for our quarreling leaders to see and realize this, and that is why our initiative was appropriate precisely at this congress.

[DANAS] Your resolute commitment to the socialist wing of the present LC also resembled an announcement of the founding of a socialist party. If it were founded, would the other sponsors of that initiative also join it?

[Medjovic] I really think, without any reservations, that in the framework of the leftist orientation, I belong to the part of it that is called the socialist wing. That paradox that different ideological and political orientations exist within one party is a quite logical consequence of the absurdity and hypocrisy of monism. Furthermore, one

should not forget—although that argument may appear absurd, it is extremely realistic, and is also a product of the monist system—that almost all of us joined the LC in the classic Bolshevik manner, as good pupils and model youth, and that political maturation and differentiation actually came considerably later. Since that is what the system was like, I do not consider it to be hypocritical at all today to acknowledge that you are a socialist or a social democrat among communists, especially if you are willing to leave the LC and join some other party with a leftist orientation. In the final analysis, everyone who wanted and needed to express his political interests could only do so through the LC, taking into account the fact that all other political entities were only instruments.

For many reasons, our initiative was not an announcement of the formation of a socialist party, at least not at the congress. I repeat that it was probably the last possible attempt at the Yugoslav level to surmount the paradoxical situation faced by the LC, which is undoubtedly leading to further republic/provincial or national divisions, and to offer a long-term chance to the leftist option in Yugoslavia, through the evolution of the LC into two Yugoslav parties with a leftist orientation. That is the essence of it.

In replying to Professor Horvat at the congress, in connection with his proposal that everyone who wanted to withdraw and initiate the founding of a socialist party, I stated quite clearly that we had not come to the congress with such an initiative. That would still be mere exhibitionism, which we never wanted, although many people will probably not agree with that.

In the end, the initiative was not even prepared and formulated prior to the congress. I intended to speak along the lines in which the initiative was formulated, and in some public speeches I clearly stated that if divisions and conflicts appeared and were intensified at the congress over whether there should be a unified organization or a league of leagues, I would insist on separation in accordance with the different ideological and political orientations objectively existing in the LC. After the catastrophic beginning of the congress, which had a shocking and depressing effect on me, to say the least, I met during the very first break with a group of young delegates from Montenegro (I hope that they will not be angry that I mentioned them, since Jelena Lovric has already "denounced" them in the last issue of DANAS); their impressions were identical to mine. They told me then that they had already prepared an initiative similar to the one that I had been thinking about myself. We immediately agreed to formulate a joint proposal, and to present it to the congress, both during the discussion and in written form. Although we jointly formulated the final text of the initiative, they refrained, because of certain reasons of theirs which we accepted, and so we went forward with the initiative ourselves. In connection with this, since there have already been speculations in several articles that the initiator and organizer of all this was Zdravko Grebo, I must say that I did not even know

that he would be at the congress and that I only saw him for the first time on the afternoon of the first day, after reaching the agreement with that group of young delegates from Montenegro. If my information is correct, he was actually invited to the congress the day before it began.

And in the end, with respect to the possible formation of a socialist party, I think that it is a serious, complex, and responsible business. In fact, I do not think that it is possible to do it by convening any sort of founding meeting, adopting a program statement, and electing a leadership. Perhaps I am mistaken, but that seems a bit frivolous to me. Anyone can found a party like that, especially since those program statements mostly contain theoretical determinations. If one thinks and acts seriously, the initial meeting to found the party would adopt a statement of intentions, and elect some action committee for founding the party. Only then would follow activities to draft the program, including executive programs for quite specific problems, on the basis of which the potential membership could later be inspired and in the end the party could be founded and constituted in practice. All of that applies, of course, only if rules have been established and equal conditions have been created for multiparty activity.

[DANAS] Why hasn't a single party, in fact, been formed yet in Bosnia-Herzegovina?

[Medjovic] One of the reasons is that conditions have not been created and rules have not been established for multiparty activity. Under the present conditions, new parties have virtually nothing to seek, since they cannot participate equally in political competition. Furthermore, one should keep in mind the fact that free elections and equal political competition will not exist until constitutional changes are made and the structure of the assemblies is changed.

Another significant reason, of course, is what one might call the unique interethnic sensitivity characteristic of Bosnia-Herzegovina as the joint state of the Moslems, Serbs, and Croats who live on its territory. Under the conditions in which new parties in other parts of the country have emerged mostly as ethnic ones, or parties with an ethnic denominator, there was probably an increased amount of caution in Bosnia-Herzegovina because of constant warnings that in a multinational environment a multiparty system would develop into interethnic divisions. In the end, that theme dominated the beginning of the discussions about a multiparty system in our republic, with too loud and frequent warnings that precisely for that reason we should not even aim at a multiparty system.

Under those conditions, in which a passive and even negative attitude toward pluralism and a multiparty system has definitely predominated, with the thesis expressed from the highest positions in the political hierarchy that we probably should not create our own opposition—which sounds fairly logical—Bosnian

policy has objectively become a policy of forced moves. For the most part, we have done only what we had to. The consequences of such a policy can be truly catastrophic. I recently wrote that that policy was leading us directly to disaster.

If one views all of this as interrelated, then a quite logical consequence of such a state of affairs is a conflict between the reformist/democratic (minority) tendencies, and the more conservative (majority) part of the existing political structures, and not the emergence of new parties. Actually, one could say that the alternative in Bosnia-Herzegovina is represented by the "alternative activists," especially in the youth organization, and to a lesser extent in the LC, although one should also not ignore certain extremely influential independent individuals. Some independent "civil list" would probably play a significant role in free elections.

[DANAS] You were one of the ones who presented the initiative for reaffirming the so-called ZAVNOBiH Declaration at the Bosnian party congress, which would also guarantee the freedom of political association. What is the fate of that initiative?

[Medjovic] It is precisely the fate of that initiative that best reflects the true state of affairs in Bosnian politics. We learned quite accidentally that back in 1944, at the second session of ZAVNOBiH in Sanski Most, a document was adopted—a declaration on the rights of citizens of Bosnia-Herzegovina (which competent authorities have declared to rank with the most significant documents in the world on that subject). Among other things, that document also guaranteed the freedoms of assembly and agreement, the freedom of association, and the freedom of the press. Immediately the five of us, as a group of citizens (at that time I was still a member of the Presidium of the Bosnian LC Central Committee) sent a letter to the Bosnian Assembly, seeking the constitutional and legal conditions for fulfillment of all the fundamental principles in the Declaration. Later, 14 of us delegates and participants in the 10th Bosnian LC Congress launched the initiative you are discussing, actually requesting legalization of a multiparty system and the creation of conditions for the next elections to be organized as free ones.

The attitude toward those initiatives was diffuse, to say the least. They were supported in principle and accepted with reservations that made it possible for the situation to remain unchanged in many respects, although some progress was evident. The result of that attitude—in spite of the assembly's position on "ensuring for all citizens of Bosnia-Herzegovina not only the rights expressed in the ZAVNOBiH Declaration, but also all other democratic achievements appropriate for people in modern civilization"—was the proposal of a Law on the Association of Citizens, which is going through the regular assembly process, along with the new-old electoral law and the elections at the end of March, which may be anything, but not free elections, and which OSLOBODJENJE is announcing as delegate elections.

Some people would say jokingly that that is not regrettable. The issue of the legitimacy of the existing government is really being raised justifiably.

[DANAS] For a long time you were in Bosnian political leaderships, and even a member of the Presidium of the Bosnian LC Central Committee. Do you feel like some kind of dissident now?

[Medjovic] If I may make a little joke, that even sounds to me as if you think that I should not. I was a member of the Presidency of the Republic Conference of the Bosnian Socialist Youth League for two years, a member of the Bosnian LC Central Committee for almost four years, and a member of the Presidium of the Bosnian LC Central Committee for one year.

As far as dissidence is concerned, if you view it in a moderate sense, as a difference and divergence of opinion, then such an assessment is valid to a considerable extent. If you understand it as desertion, however, then things are much more complicated. Defection from the leftist idea, from the idea of democratic socialism, from socialism, from socialism as a society of social justice—by no means. A different and quite separate question is how one reaches and can reach such a society. If you are talking about dissidence between communists and socialists, which I have already discussed, then I do not see any problems. It is simply that everyone should go to his own side; it is necessary to separate. If, however, you are talking about dissidence with respect to the present state of the LC and the tendency to maintain apparent unity with all the differences present, then I accept that assessment, with all of the consequences resulting from it. That, naturally, does not mean support for a "league of leagues," but rather for the proposed separation into the different ideological and political options that objectively exist in the LC and which must necessarily take place.

[DANAS] If we overlook the tone used by Dr. Nijaz Durakovic at the congress, when he threw open the door for you to leave the LCY, it seems an honest and necessary call for differentiation within the present membership of the LCY. In your opinion, would it also create a core of new leftist-oriented parties in the future?

[Medjovic] If we ignore the opinion that the solution is in separation, then things must logically proceed in the classic Bolshevik manner, which you expressed by the word "differentiation." Such an approach necessarily implies belief in the possibility of transforming the present LC. I really do not believe in that possibility, especially after this congress, and that is why I advocated separation.

But let us assess the real honesty, as you put it, of the call for differentiation being voiced by those who believe in the possibility of transforming the present LC. If that belief is really sincere, then that call probably should be addressed elsewhere—not to those who were undoubtedly supporting democratic processes, often precisely against those who are now showing them the door (which

probably does not particularly need to be proven under Bosnian conditions), but precisely the opposite, to the dogmatists and conservatives, to those who are constantly blocking reform measures. And, you see, we can arrive very simply at what could be the heart of the matter (although I believe that some people would conclude otherwise). If the dogmatists and conservatives were shown the door, then those left behind would probably not, as they are not doing now, respect the demagogic virtues of those who are now showing them the door.

Well, that is why I do not feel that the call for differentiation was an honest one. It represents a crude political manipulation, motivated by an attempt to maintain the status quo, and to maintain and even improve their own position. What is really dishonest is that they are unscrupulously shifting the blame for their own oversights, mistakes, manipulations, and dilettantism to others. That is why that aggressive, arrogant, intellectualized Bolshevism, trying to justify its own political dilettantism and possibly an eventual political calculation, is trying to label us at all costs as destroyers, Greeks bearing gifts, and traitors, and to blame us for the consequences of their own blunders. I am even more inclined to believe that this has to do with a dilettantish oversight which occurred the pressure of a classic ambition for leadership that has finally gotten an opportunity to settle accounts with the only (perhaps I am being pretentious) really relevant (especially to the media) political trend in Bosnia-Herzegovina. That attempt, to put it mildly, was unreasonable, as demonstrated by the reactions, which probably only we in Bosnia-Herzegovina fully understand. The consequences of that attempt, however, belong only to the ones responsible for it.

As far as the second part is concerned, I am convinced that former communists by themselves could not form the core of new leftist-oriented parties, although they will probably play a significant role. In fact, it is extremely important to liberate the suppressed creative potential of people who have never had an opportunity to display their abilities on the public scene.

[DANAS] There were arguments even at previous meetings between you and Greba, on one hand, and Durakovic, on the other. What was your basic difference with respect to the official line of the Bosnian LC?

[Medjovic] I will only speak on my own behalf. The basic difference probably concerns the above-mentioned relationship between socialists and communists; in the end, this was also confirmed at the congress.

In regard to the arguments, they basically involved different views of the multiparty system. In fact, when the pre-congress discussion of the documents for the 10th Bosnian LC Congress began, Nijaz started with a catastrophically rigid position on the multiparty system, implying that we were opposed to it. I advocated an open discussion of this issue as well, and later I usually also

advocated the necessity of a multiparty system, and of an active and anticipatory attitude toward these processes on the part of the LC—which is perhaps particularly important. The official line was more inclined, as it obviously is today, toward the thesis that everything will come in time, and that the LC should not create its own opposition. I think that that is the greatest difference today. My opinion is that it is only through an active approach that the LC can create a strong bloc of leftist forces, which can offer the leftist option a chance and ensure the revitalization and democratic development of socialism in our country. Therefore, the LC must take an active approach toward pluralist political processes and toward a multiparty system. It must not only open room for those processes, but also encourage them, and not view them as an obligation imposed from outside. If transformation of the LC is at all possible, then it is possible only through competition, in which the LC will be forced to make changes and become politically effective. If I may steal a metaphor mentioned at a recent meeting, which portrayed the position of the LC on the Yugoslav political scene as being like a man who tries to pull himself by the hair out of the quicksand that he has fallen into up to his knees.

We are thus talking about conceptual differences, the final consequence of which, in the current pluralist times, must be separation.

Serbs in Croatia Fear Croatian Nationalism

90EB0287B Zagreb DANAS in Serbo-Croatian
6 Feb 90 pp 17-19

[Article by Milan Jajcinovic: "Tragic Possibility of Choice"]

[Text] When the Democratic Party is founded on 17 February in Knin, Benkovac, or Zagreb (probably in Knin), Serbs in Croatia will obtain a political party. Admittedly, it will not be designated as "Serbian," but it is already apparent from the announcement by its founders that it is being established with the intention of uniting, above all, all Serbs in Croatia. Thus, after several parties designated as "Croatian," a Serbian party will also enter Croatian political life.

The founders of the Democratic Party met in Lika, in Donji Lapac, with the intention of politically organizing Serbs in Croatia in a new and different way. At present, the new political atmosphere in Croatia has not been particularly attractive to Serbs. The reason was offered very concisely by the probable moving spirit behind the new party, academician Jovan Raskovic, who said, "Most of the parties formed to date in Croatia offer Croatian-centered ethnic monism, advocating in that sense separate parties for Serbs in Croatia." Dr. Raskovic also commented that one had to guard against such pitfalls of the "current pluralism," and that because of this, the only way out for Serbs in Croatia was "Yugoslav-oriented democratic parties." The Sibenik psychiatrist and the participants in the Donji Lapac meeting

(which was also attended by members of the board of directors of Zora [a Serbian cultural society], and its president Jovan Opacic) feel that the program offered by Kosta Cavoski's still unformed Democratic Party is quite acceptable for Serbs in Croatia.

The participants in the Donji Lapac are convinced that the future Democratic Party—which is to continue the tradition of Ljuba Davidovic's prewar Democratic Party—will be a nationwide one, and that it is a much more favorable choice for Serbs in Croatia than founding an explicitly Serbian party, and especially more favorable than joining an explicitly "Croatian" one. The future Knin meeting would thus be only a preliminary one. In fact, people would join the Democratic Party expected to be formed in Belgrade in the meantime. The Knin committee would not play a hierarchically subordinate role in it, and it would be headed by the undoubted leader of the Serbs in Croatia, Dr. Jovan Raskovic.

After the founding of Zora and the initiative for the formation of one more Serbian cultural society in Topusk (it will be called Savi Mrkalj), and after the opening of the door to political pluralism in Croatia, it could be expected that the Serbs in Croatia would become politically organized as well. Admittedly, it seemed that confusion prevailed for a rather long time. Jovan Opacic tried to test the longstanding petrification of Croatian politics. His introduction of spontaneity into the established political unidimensionality ended in court, however. The revival of PROSVJETA had been requested even before that. The discussions about the constitutional definition of language, the petty political misuse of the proposal by one assembly delegate to "throw the Serbs out of the Constitution," and the reactions of the Croatian political leadership to the events in Stari Trg, as well as its later "lack of understanding for Serbia," accelerated the process of the political separation of Serbs in Croatia. These are not the only factors influencing that process, however. In fact, it has also been influenced by all the propagandists, go-betweens, and commercial travelers involved in exporting the political patent known as "the occurrence of the people."

Reasons for Doubt

The ethnic orientation of most of the newly formed parties in Croatia naturally did not attract the Serbian part of the Croatian population; on the contrary, the spread of political pluralism has been perceived by a large number of Serbs as a retort by the Croatian LC [League of Communists], as opportunism and a concession to the primarily ethnic-oriented alternative movement. The fact that leading individuals in some of the new parties fell from grace at one time along with the policy of the "Croatian Spring" only further intensified the feeling that the Croatian authorities, i.e., the LC, were playing with fire. The Serbs became afraid that the Croatian LC would become an ethnic party, and felt that they had been in some way forsaken and left in the lurch.

Serbian faith in the once united party has been almost unquestioning. Doubts appeared in 1971, and again later on, when it was dispersed into its constituent parts. Kosovo was the main catalyst in this dismantlement. The founding of new, explicitly Croatian parties only accelerated the process.

Serbs' aversion to political pluralism was also shown by a survey of Croatian LC members conducted by Vladimir Obradovic last year for the Croatian LC Central Committee's Center for Ideological and Theoretical Work. In fact, it was shown that 30 percent of the ethnic Croatian respondents (the sample covered 600 respondents) felt that a multiparty system was possible and necessary. Serbs belonging to the Croatian LC were 11 percent lower in this respect. What is the reason for that suspicion? The researches offered an opportunity to look into this by having those polled answer the following question: "If you doubt the necessity and/or possibility of a multiparty system in Yugoslavia, what are your reasons for this doubt?" The following answers were offered: "experience from prewar Yugoslavia," "fear of the present political groupings on an ethnic basis," "it would threaten the legacy of our revolution," "the belief that the time of 'the end of parties' has begun in the world," "Yugoslavia's lack of the political culture required by a multiparty system," "I do not have any explanation for doubting," and "I accept the possibility of a multiparty system." It turned out that as many as 46.2 percent of the Serbs belonging to the Croatian LC are afraid of "groupings on an ethnic basis."

Consequently, whether the Serbs' fear is justified or not, it is present. It has also resulted in rejection of "Croatian-centered ethnic monism." That fear, however, cannot be explained only by the situation on the Croatian political scene. In fact, it has also been artificially produced by the constant repetition of assertions such as this one: "Croatian national ideology is consistent: Croatia is the homeland of the Croats, the Croatian nation should be united spiritually, economically, and territorially, and the Croatian state must be ethnically pure, regardless of the religion and past history of its compatriots. Those postulates are also the basis for the policy of the Croatian communists, and the assimilation of Serbs has been conducted for decades under that policy." With time, such assertions have become the root of a multitude of stories—from academics to peasants—about the position of Serbs in Croatia.

The unsuccessful and schismatic congress of the once single and united party was followed by additional attacks on the Croatian LC. It is being accused of being responsible, together with the Slovenes, for breaking up the congress, and also for "compromising with the 'vampires'" (a reference to the leaders of the new parties who were prosecuted politically and legally in 1971). After the latest Kosovo drama, it was accused, again together with the Slovenes, of direct support for the "Kosovo terrorists and separatists." At one time, journalists signed such accusations. Now, even politicians are no longer hesitating to state behind a political podium what they once

suggested to their journalists. The most striking example of the new trend is Radmila Andjelovic, a spokesman for Serbian policy. She has now "stomped on" the Croatian leadership, as well as the Slovene leadership.

Praise and Criticism

The Croatian communists' departure from the congress was an additional occasion for further criticisms. The latter also increased within Croatia itself, but so did praise. A flood of messages came from opstina committees, and one could tell in advance from their tone and approach, without even knowing the opstinas' names, whether these messages came from areas that were predominantly ethnic Croatian or ethnic Serbian. After the congress, more Croatian LC members left the party than ever before, threatening to split it along ethnic lines. One could say—generally speaking, of course—that Croats (whether LC members or not) approve of the Croatian LC delegation's action at the congress, while the Serbs disapprove of it.

A message came from Licki Osik, for example, that some of the communists there were not satisfied with the behavior of the Croatian communists at the congress, because they "should have acted on behalf of the unity of the LCY, without issuing ultimatums to the congress." The common denominator of all such messages could be the one from Knin: "We do not see any future for the Croatian LC outside the LCY."

Criticisms also came from Knin about the postcongress behavior of the delegates who explained their behavior (or rather, rationalized, perhaps) their behavior at the congress, the day after it fell apart.

The citizens of Knin criticized them because at that time, "they condemned only one party leadership, in this case the Serbian leadership, because of the interruption of the congress, and did not say a word about the Slovene leadership." Naturally, completely different messages arrived, for instance, from Sibenik, where an explanation was demanded of why Slobodan Milosevic was in the congress's working presidency and of what was written on the note that was passed from him to Momir Bulatovic. Consequently, on one side there is censure, and on the other, praise. Turning in party identification cards is perhaps the "most common" action of both Serbs and Croats at this time. While Croats do not want to be "in a unitarist party together with Milosevic, Bulatovic, and Morina," Serbs are leaving the LC because they do not want to be in an "ethnic Croatian party."

The ordinary Serbian populace (along with the Croatian populace) is extremely confused. What position should it take when new parties with a Croatian majority are formed, when the Croatian LC is making a "compromise with 'vampires'" and "issuing ultimatums to the congress," and how should it view the efforts to break up the LCY? What should it do when "no one from the Knin, Benkovac, and Obrovac opstinas has been elected to the Croatian LC Central Committee," when a "purge" of

Serbs from the highest party forum of the republic is taking place, when dignitaries of the Serbian Orthodox Church do not come for the traditional New Year's reception at the Assembly, and when letters are circulating around Kordun and Karlovac in which the "Kordun children" (colonists in Vojvodina) tell their families and neighbors, "The truth is coming to you; go and meet it." It is not so easy to take a position on that instigated nightmare.

The latest political instigation came, once again, from Vojvodina. That "letter of truth" calls upon ethnic Serbs in Kordun and Karlovac to gather in the Karlovac bus station (the gathering was scheduled for Sunday, 4 February), so that they could be told at that time the "real truth about Kosovo," which was being cleverly concealed from them by the bureaucratic-separatist Croatian leadership, offering instead shameless lies. Furthermore, at that meeting the "real truth" would be communicated to that "undemocratic leadership of Croatia, which supports counterrevolution and terrorism in that part of the Serbian Socialist Republic," as well as the truth about the "position of Serbs in Croatia and in Kosovo, which has been disturbing for years." The "letter of truth" says, "Look—all of Eastern Europe is rushing into the embrace of democracy; only Albania remains, and Croatia and Slovenia along with it. Kosovo would be annexed to Albania, Serbia would fall apart, Slovenia would be independent or annexed to some other state, and Croatia would become an independent state, outside the borders of Yugoslavia. Our forefathers were once in such a state. Thank God, that has not been repeated."

The vibrations of the "all-Serbian national movement" were felt most strongly during the last few days in Karlovac, the capital of the fictitious Serbian province. The concentric circles of those vibrations have been felt for years. Now, they are only more frequent, and one could not say that they have not had any influence, since for some Serbs in Croatia there is no longer any dilemma over whether to join that movement or not. The interpretation of some measures by the Croatian authorities has undoubtedly also played a role in that disappearance—especially the approval of political pluralism, as if the Croatian LC were voluntarily allowing the formation of new parties and the creation of conditions for its own loss of power. One cannot believe that if there had not been pressure from society itself, if there had not been a multitude of interest groups that could no longer be controlled, and if the East European despotisms had not been destroyed, the Croatian party would have made itself equal to other parties of its own accord. It would not have withdrawn in such a manner, nor would the new parties have arisen, most of which, admittedly, are explicitly Croatian. At the same time, that may also be an indicator of suppression and therefore of the immaturity that is designated by that description.

Integrationist Syndrome

As is understandable for a people in a diaspora, the Serbs in Croatia have an "integrationist syndrome," i.e., a

feeling that Yugoslavia is the only solution for Serbs outside their motherland. While a united party existed, that feeling was actually incorporated into the system itself. When the federalization of the party began, however, the Serbs became afraid about how to exercise their ethnic rights. The tendency toward the creation of national communist parties only intensified that fear. The Serbs in Croatia were faced with the problem of how to achieve their national interests, while avoiding majority domination and being outvoted. The discussion about language only confirmed that such a possibility of majority domination existed, and that the members of the Croatian LC were first of all Croats and Serbs, and only then communists (and not the reverse, as has been trumpeted for decades). The creation of a multiparty system (with two chambers, a council of citizens and a council of peoples) should eliminate the anomalies of one-party monopoly and ensure for all citizens their ethnic and political rights, as the party had not succeeded in doing. If several political parties exist, then it does not matter at all, except to sentimental traditionalists, whether the Croatian LC is an ethnic party or not.

The Serbs in Croatia were devoted to the party. It had an integrating role, which was very important to the Serbian people, in addition to its services in saving them from Ustasa knives. In the last few years, trust in the Croatian LC began to decline, and it is very likely that that will be evident in the upcoming elections. Serbian votes will perhaps be divided between Raskovic's Democratic Party, certain independent candidates, the Croatian LC, and "those democratic parties in Croatia whose programs support the democratic and federal nature of our country" (which Serbs should join, as stated in Donji Lapac). The dilemma of whether to join the "all-Serbian national movement" will not be eliminated by this. It will only be exposed. If the magnetic attraction of that movement overcomes democratic tendencies, then it may happen that Croatian Serbs will turn into an ethnic people instead of a political one, put nationality issues ahead of everything else, and in pursuing them, completely skip over Croatia "in the name of Yugoslavia."

The typology composed by Stanko Lasic in his vehement, profound, Lasic manner in order to convey the special nature of a Serbian writer's position in Croatia also seems paradigmatic for the position of the entire Serbian people in Croatia. Answering his own question about the opportunities for that writer, Lasic said that he "can be a Serbian writer and nothing else," "he can be a Serbian writer and a Croatian writer," "he can ignore his national origin and become a Croatian writer," or "he can say the hell with all those 'tribal' parochialisms (even his Serbian parochialism), and plunge into the 'supra-tribal' and genuine totality called Yugoslav literature." That is by no means a painless choice. If one is not challenged, then one is ignored; but that is also part of the unique position of Serbs in Croatia—the tragic possibility of choice.

Country Divided Over Multiparty Elections

90EB0287C Zagreb DANAS in Serbo-Croatian
6 Feb 90 pp 22-24

[Article by Marinko Culic: "How Yugoslavs Will Vote"]

[Text] This is how a well-known Ljubljana caricaturist in DELO drew the beginning of the one-month election campaign in Slovenia, just as it is coming to an end: the starter fires a shot into the air, the League of Communists [LC], the united opposition, and youth fly away from the starting line, and in the background, the head of the former "front," Jozе Smole, is just sitting down on a broken-down bicycle that will barely last a meter or two. About two months before the electoral skirmish in Slovenia, the leadership of the former Socialist Alliance of Working People [SAWP] does not have any reason to complain about the ill will of the DELO caricaturist. In fact, if his prediction is fulfilled and the newly founded Socialist Alliance party "falls" in the elections, that will undoubtedly be a result not only of the accelerated party maturation of its electoral rivals (the LC and Demos), but also of its own hesitation in abandoning the comfortable position of a financially well provided for "supra-party" organization and accepting the risks of an open-party race. The punctured tires of Smole's bicycle were thus only a deserved punishment for the superficially learned lesson which is now, as punishment, being suffered by the eastern half of the globe, and in which some will fall and some will remain in our country as well, in the spring elections.

In Slovenia's immediate neighbor, the Socialist Alliance, after several years of apathy, has shown more courage in becoming an independent party and even "brutally" breaking its ties with its former "elder brother" (the mandatory return of party IDs at the Zagreb SAWP). Thus, Croatia—which after several months of hesitation in following the Slovene experiment has now built its own legislative apparatus for spring multiparty elections—has broken off another piece of the monolith of the Yugoslav one-party edifice. We will see somewhat later that this Croatian opening of another hole in the wall of the party state is not going smoothly on this side of the Sutla [river on border between Slovenia and Croatia] and that here there is still suspicion by "old party members" that the changes in the electoral law might not jeopardize their present monopoly, but only establish it on a new and somewhat more acceptable basis. With the opening of a "second pluralist eye," however, the country is being faced for the first time with a completely new problem: the possibility a quite asymmetric political system in the western and eastern sides of the country. In the west, we have the first steps toward a multiparty system, and in the east, the well known maneuvers involving a "nonparty system," which will open up some completely unfamiliar issues as early as the spring, when the new Federal Assembly will be elected. Will the Yugoslav parliament be elected for the first time in such a way that part of it will consist of delegates who are freely elected party representatives,

while the other delegates will be elected, as in the past, under the auspices of the "only party"? And how will that affect the future work of that federal body, of which one can still say only that it has not been subjected to the outvoting that is holding back all the others, and even literally dissolved the federal party congress? Can the SFRY Assembly even continue to operate in the present way if some of its delegates are under the direct command of their political mentors in the republic leaderships, while the others are guided by a combination of republic and party interests?

Healthy Macedonian Climate

Markovic's government has now become most directly involved in the attempt to "save" the Assembly; at one time it promised that in its work, it would deal only with the federal parliament. As is being shown now, that is much more than the usual courtesy to the "highest authority" in the country. The government, in fact, can count only on an alliance with the Yugoslav parliament, provided that it becomes less and less an extension of the republic leaderships, and more and more an independent legislative body capable of creating a policy that would eclipse and in time even suppress the present narrow-mindedness and "wars." That is why the Federal Executive Council [FEC] recently offered a revised proposal for constitutional amendments, in which changes in the political system are now in first place. These include the adoption of a new electoral law that would allow the election of an assembly in accordance with the "commitment to political pluralism," and deletion of the present constitutional position of the LC and the Socialist Alliance of Working People [SAWP]. It does not specify what the FEC means by political pluralism, but its intention of a profound revision of electoral legislation can be seen from the recently published proposal by the SFRY Presidency for a new constitution, which explicitly states that it "also implies organization into political parties." Furthermore, it can be concluded from the explanation given by Dr. Janez Drnovsek that the main disputes in preparing the proposal were not over this, but were rather concentrated on the issues of relations in the federation and the structure of the Federal Assembly, with the usual chances that the discussion of a new constitution might turn into one more squabble over the division of federal authority. The multiparty system therefore relatively easily won a place in the first draft of the new constitution, although this was undoubtedly more as a result of a concession to the dictates of the times than of recognition of its perceived future role as one—and perhaps the most important—cushions for republic/provincial homogenization in the federal parliament.

To what extent, however, can one believe in the rapid incorporation of the multiparty electoral model into Yugoslavia's constitutional system, if so far only two

republics are seriously planning on it, another one is getting ready (with uncertain prospects), and the rest are waiting, while the largest republic has virtually blocked everything by already holding early elections, in which the term of the crew presently in power was extended without any risk? The news reports coming from the republic capitals during these weeks before the elections are unclear, since they indicate zigzag developments, interweaving attempts to bring about changes through a sort of "coup" with simultaneous stubborn attempts to prevent this. From all indications, the best prospects that this will end in a favorable outcome are in Macedonia, where under pressure primarily from youth and veterans' organizations, and recently from the new party leadership as well, a climate has been created in favor of replacing the new electoral law, only one month old, with a new one, so that the spring elections could be held in a new, multiparty atmosphere. Three of the seven alternative organizations that exist in the southern republic have already announced that they will participate in the elections, although there are also views that the electoral race should be postponed in order to make changes in the constitution, without which new laws cannot be passed, and in order to give the alternative movement at least a minimum amount of time for preparations.

Furthermore, there are differing opinions both here and elsewhere (in Croatia and Slovenia) as to whether an attempt should be made to simplify the structure of the assembly as early as this phase. Some people think that it is not possible because it would violate the federal Constitution. Nevertheless, the determination regarding the republics as the possessors of sovereignty—which is also stressed by the SFRY Presidency in its proposal—obviously requires more boldness in interpreting the letter of the Constitution, and so some people think that the changes sought are, however, more a matter of political agreement than of constitutional norms. This position has also been supported by some of the most inert of the "old alliances"—the SAWP and the Trade Union—which have recently also begun to advocate bolder pluralization. As reported from Skopje by Ivo Rusi, however, the final word on this subject will come from the [Macedonian] Assembly delegates who passed the law that they are all renouncing now. It is difficult to predict whether they will take a position in this case only as delegates, or as members of the parties in power that are now being asked to leave the scene voluntarily. In such a situation, the recent comment from the president of the Macedonian Assembly that it would adhere to the existing regulations until new ones were passed carries undoubted weight. As time passes without any initiative for changing the electoral system being submitted yet, the fear of Rista Ivanov, the president of the Macedonian youth organization, who doubts that the authorities will "restructure" themselves in the increasingly short time that they are leaving themselves, is becoming more and more relevant.

Bosnian Opposition Prevented

It is thus certain for now that the race with the electoral deadlines will be won only by Slovenia, which passed all the laws necessary for the spring premiere of the "first free elections" as early as last year, and by Croatia, which is lagging behind, but which is patching up its shortcomings (a change in the republic constitution is under way, and the new electoral law should also be passed soon). The fourth republic in which there have been any serious initiatives for changing the electoral regulations—Bosnia-Herzegovina—will quite certainly not be successful in this, but as Vlastimir Mijovic writes from Sarajevo, it did not exactly strain itself to get a new electoral law in time. The present law, which is also about one month old, cannot serve as a basis for the new type of election, although, in principle, it allows candidates outside the SAWP, and thus makes it possible for the alternative movement to compete for seats in the Sociopolitical Council of the republic Assembly. Because they "forgot" to adopt regulations in time on registering the new parties, even if such regulations are voted on immediately, the initial registration would not be possible until the beginning of April, and then it will be too late. Since a proposal to pass a law on accelerating the procedure has been rejected in the meantime, the last chance has been lost for Bosnia-Herzegovina to cease to be the only republic without a single new party. As poor compensation for this, a decision has been made that elections will be held in the spring under the old laws, and that they will be repeated once again when the new laws have been passed. The Bosnian leadership thus decided to postpone the "realization of pluralism" until some other time. This undoubtedly confirms that the strange view of the president of the Bosnian LC Central Committee that today's opposition is "all nonsense" and that we should not "weep crocodile tears" because it does not exist in Bosnia-Herzegovina yet is still in effect. The only thing that has not been explained, then, is why the republic leadership, by "making haste slowly," has in effect prevented the opposition from participating in the elections, when there is allegedly no reason to be afraid of it or even to take it seriously.

In Croatia, after a hesitant start in formulating the new electoral rules, in the end the entire matter was handled in record time. Now there are also proposals to make new progress—by eliminating the present constitutional position of the LC and the SAWP—although virtually until a few days ago one could still hear claims that this would not be possible because the federal Constitution's provisions on the LC and the SAWP had to be respected. We know, however, that a few months ago Slovenia made the same changes without any upheavals, and so it is obvious that now, at the very end of the matter, Croatian policy has remained faithful to the principle of "measure twice, cut once." It remains an open question whether this is just a matter of a traditional fear of getting carried away, or the beginning of the electoral race, in which an attempt is being made to score points as early as the phase of normative changes. Some people thus think that the nervous revisions of amendments to

the republic constitution—which at first kept the present role of the SAWP in elections and deleted it several days later—were a final attempt by the “old alliances” to avoid changes. Only somewhat milder characterizations are being heard with respect to the “majority” electoral system—voting for individual candidates. Dr. Smiljko Sokol, the coordinator of the assembly group that drafted the proposal for it, says that it represents the “most suitable electoral system,” and that the use of a proportional system—voting for party ballots, as the Slovenes have chosen—would “mean a real catastrophe.” In contrast to this, the Croatian Social Democratic Party [SDSH], whose positions on this have been accepted as the joint view of the alternative movement, says that the proportional system was introduced to correct the inequities of the majority system in the last half of the 19th century and the beginning of the 20th century, when it made it possible for several small, progressive parties to enter parliament. Dr. Antun Vujic, the president of the SDSH, told us that the proportional system has been accepted virtually universally in the world, and that the countries that use it—such as the United States, France, and Great Britain—are themselves introducing corrective measures to eliminate its bad sides. Furthermore, it is a more expensive model, because it calls for two rounds of voting, and can even be anarchic, because it allows the possibility of candidates winning whose party did not win in the elections. Dr. Branko Horvat, who is also a member of the above-mentioned assembly group, agreed to a direct three-way discussion to answer the criticisms of the majority system. Answering Vujic, he said that he agreed that there was a possibility that a candidate might win but his party would not. “But I see that as a virtue of the majority system, and not a defect,” he added, “since that gives the voters confidence that they are electing the candidates that suit them, and not the candidates designated for them by the parties.” Horvat also said that the proportional system, with a large number of small parties, could be a destabilizing factor, citing the example of Italy and the constant crises and government collapses there. In response to this, Vujic offered two main criticisms: he said that Horvat was proceeding from the citizen as an atomized individual who alleged had to be protected from the party bureaucracy, but that the real situation was that people wanted to try a multiparty system, and that was no

reason for anyone to worry about them or to protect them from anyone. In response to Horvat’s example of Italy, Vujic replied that the instability of Italian governments was beyond dispute, but that the Italians themselves could say that they did not suffer any traumas from this, but viewed it as a useful “respite from the state.” Although he did not deny the significant progress achieved through the new electoral law and even some advantages of the majority system—the possibility of independent candidates—Vujic nevertheless could not agree with Horvat that the majority system also suited small parties that had an opportunity of asserting themselves through prominent candidates. According to Vujic, it was unacceptable to explain to small parties what was in their interest, since they knew this best themselves.

In Slovenia, as we have stated, these difficulties have been resolved in favor of a proportional system, and there are no more commentaries in Slovenia on which of the two models is best and which is worse (especially not “catastrophically” worse). Instead, as reported by Zoran Medved, our Ljubljana correspondent, discussions are being conducted on who will replace the SAWP in its present electoral functions. Regarding the higher stage of electoral preparations, he also says that the method of electing the president and members of the Presidency of the Slovene Socialist Provinces [SP], the method of financing the elections, and the obligations of the news media with respect to the parties have already been legally resolved. This has yet to be regulated in Croatia. And while the two northwestern republics are heading toward something new and uncertain—both “parties in power” have made known their readiness to lose the elections in a fair fight—quiet prevails in the “rest of Yugoslavia.” According to some people, however, this could prove to be only a deceptive lull, since there are some views that one should expect early party elections to be scheduled elsewhere in the country by the end of the year at the latest. The reliability of such predictions was confirmed during the past few days by the news from the Serbian Socialist Alliance, announcing the drafting of a new law concerning parties and the possibility of also holding “new elections.” In any case, it will be difficult for the well-known Belgrade professor to make a public claim once again that a multiparty system is not necessary, because “most of the population has confidence in the Serbian LC.”

HUNGARY

**Soviet Troop Removal Status Report;
Disagreements on Compensation**

25000698B Budapest NEPSZAVA in Hungarian
6 Apr 90 p 4

[MTI report: "Thus Far, 43 Military Trains Have Left the Country; Interministerial Committee Formed To Coordinate Soviet Troop Removal"]

[Text] The Council of Ministers recently discussed and agreed to the tasks relative to the removal of Soviet troops temporarily stationed in Hungary. As part of this effort, the Council of Ministers appointed Major General Antal Annus, the deputy in charge of general affairs to the Hungarian Army's chief of staff, to represent the government, and named National Planning Office group leader Imre Karacsony as his deputy. Defense Ministry spokesman Colonel Gyorgy Keleti said that on Thursday an interministerial committee was formed at the Ministry of Defense. The committee is to be headed by the government representative.

The government representative informed meeting participants about the status of Soviet troop removal. As of

Thursday morning 45 military trains had left the country. The reloading of one train at the Hungarian-Soviet border is presently in progress. Shipments from 34 command posts have begun thus far. The functions related to rail transportation are being coordinated by Hungarian Army organs having jurisdiction.

General Annus informed the meeting participants that early this week he met with Colonel General Matvej Burlakov, chief of the Southern Command and Soviet representative for troop removals, to coordinate future tasks.

They agreed on issues pertaining to control and cooperation; at the same time, however, their views differed on two issues. The Soviet party does not intend to deduct the cost of repairing the deterioration incurred as a result of failure to maintain the various military structures. The Hungarian party disagrees with this view. Similarly, the Hungarian party did not accept the Soviet view which holds that the expenditures should be calculated and that accounts should be settled continuously, following the evacuation of various objects or groups of objects. Further negotiations will take place regarding all of these issues. A group of Soviet experts will arrive in Hungary for this purpose in the near future.

CZECHOSLOVAKIA

Market Pricing Expansion Viewed

90CH0022B Prague HOSPODARSKE NOVINY
in Slovak 2 Mar 90 pp 1, 6

[Article by Eng. Kamil Mikulic C.Sc., first deputy minister, Federal Price Authority: "Speed in Extending Market Prices"]

[Text] Opportunities and rules for applying market prices are the subject of a joint decree by central price authorities which took effect on 15 February 1990. The following contribution outlines the main components of the decree.

In the transition to a modern market economy an essential role is played by the price system, and within its scope primarily by market prices. On the supply side they stimulate enterprising activity by all entities, make it possible in a multisectoral economy to fully express the social usefulness of products and services including a balance between supply and demand. Even though a liberalization of the domestic price system need not be tied to the achievement of a radical price reform, freeing them in a differentiated manner should proceed in conformity with actual domestic market conditions. The issue is to take account of the different levels in the supply-demand balance according to commodities, opportunities for competition, and the degree of monopolization not only in the production sector but the exchange sector as well. Without taking the above factors into consideration while gradually freeing prices and determining their levels there would be a possibility of socially undesirable growth of inflation.

Brief History

Use was made of free prices in the development of a price system in connection with price categorization in the 1967-70 period. Experience from their application, including regulation forms, is a subject of lively discussion. Later, prices by agreement were introduced, principally for pragmatic reasons. The price public is familiar with their latest legal revision—the V 6/88 decree. Even at a time when the State intervened massively in setting and changing prices, that is, when economic organizations generally lacked authority to determine prices, in selected cases they were given a limited right to set prices by agreement. In such cases it involved elimination of the administrative requirement in setting the price, or sometimes of the negligible potential consequences from a possible deviation from the price trend. But these were exceptions rather than systemic measures.

Nor did the recent decentralization in price setting to enterprises, on the condition that they adhere to binding principles in price formation, constitute a systemic step toward freeing them. Even though the decentralization in price setting was important for defining the role of pricing units and for the training of pricing personnel at

enterprises, in its essence it did not mean freeing of prices. Hence decentralization in price setting should not be viewed as tantamount to their liberalization.

In a system of State price management it is not essential at which management level prices are set, but rather who has the authority to do so and how does he determine prices and decree changes in them. The resulting quality of prices depends on the character of relationships that have a decisive influence on their determination—that is, either vertical relationships are predominant, or the prices are the result of horizontal exchange relations between enterprises. In the former case we have officially determined prices, in the latter free prices prevail. For the longer term conditions are being created for a prevalent use of horizontal relationships in price determination.

A characteristic feature of officially determined prices was their binding and enforceable uniformity. This was a principle in price setting which essentially reflected the conditions of production and distribution that were defined by directive. This applied principle had a corollary in certain systemic methods of price setting. A critique of these methods was in part a critique of economic management by decree. Hence it could not bring about an actual situation in which the systemic weaknesses in price determination would be eliminated; only occasionally did it happen that methods of price setting were used which corresponded to actual conditions.

A transition toward prices reflective of actual conditions requires the abandonment of the current understanding of the principle of price uniformity. Their revived categorization (centrally determined prices, centrally regulated prices, and market prices) makes possible a gradual extension, in line with the conditions being created, of the use of horizontal relations in price setting. Equality of conditions for competing entities in a multisectoral economy calls for an accelerated transition to market prices. A major hindrance here is the lack of interconnection between various price areas. Market prices include free prices which are directly regulated by market conditions, and agreed prices between exchange partners which respect the rules of central guidance in the development of these prices.

Price categorization makes it possible in the area of centrally determined and of regulated prices that a supplier may decide on lower actual wholesale prices than would result from their comprehensive restructuring. Thus the final posted prices are predominantly maximum prices (predominantly because in selected cases surcharges may be added to these prices by agreement according to the decree on market prices).

Right now the speed of expanding market price areas plays an important role. Their share in the price system will increase substantially, along with the creation of a healthy competitive environment in the multisectoral economy by opening up the economy toward the outside,

offering opportunities for import substitution, and improving saturation of the domestic market. Timely action in putting market prices into effect will support expansion of supply, plugging the differentiated gaps between supply and demand in individual commodities. Approaches to the use of price categorization must foster creation of equal economic conditions for evaluating the work results of unequally developing entities in a multi-sectoral economy.

New Decrees

Two basic price regulations came into effect on 15 February of this year. The decree on price setting and control regulates the methodology of setting prices determined centrally by price authorities and centrally regulated prices set by individual organizations after clearing them with customers within the framework of the established price level and in adherence to other rules governing their formation. This decree is applicable only to domestic organizations.

The decree on market prices regulates the conduct of organizations and citizens (physical persons) as both suppliers and consumers in negotiating prices of products and services offered domestically for Czechoslovak currency. An appendix to the decree lists the products, services and rules to which the market prices may be applied.

In the process of transition to a market economy an important place is occupied by the extended application of market prices. Expanding their volume depends on criteria set forth in the programmatic declaration by the government of national accord presented in the Federal Assembly on 19 December 1989. Expansion of market prices takes account of the opportunities for genuinely competitive conditions and a balance between supply and demand on the domestic market. Issuance of the decree on market prices has extended the area of market prices to the entire sphere of products, jobs, and services offered or provided by citizens, physical persons (private entrepreneurs), small businesses run by National Committees, base organizations of social organizations, foreign entrepreneurs and organizations, joint ventures with foreign participation, cooperating organizations, barter trade, and direct exchange between commercial outfits. In this sphere more than 100,000 economic subjects conduct their activities and after promulgation of the law on individual enterprise their number will substantially increase:

- Products, jobs, and services offered and supplied by State and cooperative enterprises for the domestic market. Their total volume can be estimated at roughly 40 billion Kcs annually. Among these products are industrial items of a high quality and aesthetic as well a fashion value, products designed for a special commercial market, also products made to individual order, for selected hotels and food service establishments meeting certain criteria for offering services, admissions to most cultural performances,

the larger part of communal and repair services, and so on.

- Products destined to be consumed in production and final products acquired at wholesale prices. Among such products and services is roughly 20 percent of the volume of chemical output (predominantly high-quality chemicals), tariffs for rail and road freight transport, new progressive products, a large proportion of repair work on production assets and spare parts, industrial work of a production nature, all engineering and electrical products made by organizations of nonengineering branches, other production activities not exceeding five percent of the total annual output of individual organizations;
- In the investment area this will include projects open to competitive bidding with international participation, surcharges for completing construction work ahead of deadline, construction and fitting done on existing projects and operating assemblies (modernization, reconstruction, repairs and maintenance), work performed at accident sites and during natural disasters, investments, repairs and maintenance required within the enterprise, to some extent design work along with other engineering activities, and so on.

By far most items included among market prices are free prices fully regulated by the market. Only with regard to items of greater significance on account of their volume and riskier from the point of view of price trends, regulatory rules come into effect mostly by setting maximum or guiding prices, or possibly by setting a limit on profit.

The entire production volume for which market prices or market surcharges can be negotiated may be estimated at about 25 percent of the total production destined for the domestic market. This share is further increased by export production and a part of the imports where the basis for charging a price is the foreign price negotiated with foreign organizations.

The decree on market prices is the sole price regulation for the valuation of products and services supplied by individual (private) domestic and foreign entrepreneurs in the CSSR. In conjunction with the basic statutes defining entrepreneurial activity, the aforementioned decree on market prices sets forth a regime for both domestic and foreign entrepreneurs. They are subject to legal statutes either as citizens (physical persons) or as other domestic organizations (legal entities). The difference between them is given by the defined extent of the enterprise and the turnover tax rules (the proposed law on individual business activities of physical persons). All products and services supplied by the entrepreneurs will be valued by means of market prices, to wit: wholesale prices for supplies to organizations and retail prices for supplies to citizens, and by the purchase price in case of farm products, forest produce and goods obtained by gathering. Now let us give a more detailed explanation of the differences between the pricing regimes.

Pricing Regime

1. The pricing regime applicable to entrepreneurs, citizens (physical persons):

- They negotiate the price of their products and services (including repairs, and so on) with their customers without any limit on the amount, with the exception of food, fruits, vegetables and potatoes for which they can negotiate a price not exceeding that applicable to State organizations.
- They purchase raw and other materials, spare parts, energy and the like domestically for a price subject to a turnover tax, but they are not assessed a turnover tax for the products and services they supply. If the object of the enterprise is commercial activity, they purchase domestic products at the going domestic retail price, and therefore the tax rules allow them to claim a commercial rebate. But on subsequent sale of these products they may not charge their customers more than the [original] going price.
- Adherence to the rules of this regime is subject to control. This is exercised by National Committees, price authorities and the inspectorate of commerce.

2. Pricing regime applicable to entrepreneurs—organizations (legal entities):

- They negotiate the price of their products and services with customers up to a maximum corresponding to the domestic price level, comparable or similar products, while reflecting differences in the technological level, quality or delivery terms; if needed the price authority may reserve the right to set retail prices.
- For purchases required for production or the provision of labor or services they are as a rule exempt from turnover tax. Insofar as they supply their products to organizations or citizens subject to turnover tax on their purchases, it is the entrepreneur who pays this tax. With regard to prices of products purchased for production purposes, these entities may negotiate with their suppliers market surcharges or rebates, with no limitation on the amount.
- Certain additional conditions apply to the use of market prices in such cases; for instance, the price authorities may impose a form for guiding the price level, the price must be agreed in writing with the supplier organization, and so on.
- Control over these prices is exercised by customers as well as the price authorities who verify if the price was negotiated in conformance with the established rules and also if the supplier is not claiming unreasonable conditions in order to get a high price or misusing a dominant position to negotiate unjustifiably high prices.

The price rules explained above apply equally to Czechoslovak organizations establishing direct relations with foreign organizations, to joint ventures with foreign

capital participation, to goods supplied to the domestic market on the basis of cooperation agreements, and so on.

Market prices offer a suitable instrument for resolving the price aspect of expanding and broadening supply, as well as overcoming the existing autarky. In step with building a material basis for the transition to a market economy and with the adopted timetable the central price authorities will prepare and discuss a further extension of the scope of market pricing to take effect on 1 July of this year. At the same time they will review the effectiveness of market prices already in effect. Experience with market prices contributing also to a better supply-demand relationship for products included in the glass manufacturing assortment shows a noticeable movement in the level of their retail prices. A slow pace in price liberalization permits us to estimate the likely effect of changes on the price level (for 1990 we estimate the impact of freed retail prices at 600 million Kcs) and to take it into account in addressing social issues.

The centrally proposed changes in retail prices offer an opportunity to shift production sectors, entire groups of products to market prices. This will obviously require resolution of complex problems of linkage between the different price spheres.

Introduction of a radical price reform changes the mandate of the central price authorities, shifts their activity (except for a selected group of products with centrally determined prices which remains within their purview) from guiding prices by decree to creating conditions for the emergence of free prices, while seeking to minimize the risk of their rising above an economically justifiable level.

Future of Agricultural Cooperatives Discussed

90CH0022A Prague ZEMEDELSKE NOVINY
in Czech 3 Mar 90 p 6

[Interview with Jan Vodehnal, CSR [Czech Socialist Republic] minister of agriculture and food, and Josef Hurta, member of the minister's economic council, by Frantisek Savov; place and date not given]

[Text] A more demanding economic environment will lead enterprises to build up sufficient financial resources for self-financing, for carrying out economic activities on their own. Can the JZD [Unified Agricultural Cooperatives] operate successfully in the newly emerging sociopolitical system? Will they fall apart or carry on? These and other questions are of interest to cooperative farmers, the farm community as well our entire society. The future was the topic of our conversation with Jan Vodehnal, CSR Minister of Agriculture and Food, and Josef Hurta, a member of the Minister's economic council.

[ZEMEDELISKE NOVINY] Cooperative farming has a long history in the CSR. Can the present JZD's sustain themselves in the conditions of the newly emerging economics?

[Vodehnal] Despite all the ongoing and projected changes in enterprise ownership forms, an effective functioning of the cooperatives and [State] farms is essential for undisturbed operation of the food industry, food supplies to the domestic market, and fulfillment of export orders. In my opinion the cooperatives will be able to operate successfully in the new sociopolitical system. But they cannot operate in their present form, with the present intraenterprise economic system, organizational arrangement, and members' attitude toward their cooperative.

[ZEMEDELISKE NOVINY] Why can't cooperatives in their present form operate successfully? What hinders them? Size, structure of production, prices...?

[Hurta] It is necessary to change the economic tools, provide room for freedom of enterprise, eliminate all that hinders operations. This includes prices as well as wage regulations, relations between enterprises...

[Vodehnal] We still have no experience of competition. Many find it strange that JZD's, [State] farms, stock corporations, private entrepreneurs, and other economic entities yet to be established should be operating simultaneously. The proposed changes in the laws on farm cooperatives and stock corporations will open the way for setting up individual farm units, family farms, as also subdividing the existing cooperatives into smaller units and restoration of cooperatives which had been earlier merged into State farms. All these forms of ownership will operate in the new economic conditions on an equal basis; strong competition will ensue and some of the present farm cooperatives with an extensive apparatus will find it difficult to compete with private enterprises, or family farms or mixed entities (the so-called metal-and-farm workers). Most likely this will occur in vegetable, fruit, and sheep farming. Today's procurement prices for beef and milk are regarded as very high and it will be difficult to maintain them unchanged in the future as the demand is satisfied. But a private producer with very small operating costs will easily fit into these prices. It is most likely that private operators too will associate in self-help cooperatives, that production and commercial links will be established with the processing industry, and so on.

[Hurta] In order for the cooperatives to be enterprising, to survive in competition, it is necessary to change the members' attitude toward the cooperative. It happens frequently that those who had brought nothing into the cooperative, who have been members for only a short time and so far have contributed little to the increase in its wealth, are claiming the right to make decisions about the cooperative. This surely isn't right. After all, those who had been active farmers had to bring into the

cooperative their land, often acquired with great difficulty. Later membership was opened to citizens who did not contribute any property to the cooperative.

[ZEMEDELISKE NOVINY] But how can this problem be resolved now?

[Vodehnal] There are many views on that. As the first thing we must return to the unified agricultural cooperatives their true original character of a cooperative. Eliminate all that in the past led to giving them "State" features. The JZD's were, are and will be based on shared property. Without shared property a cooperative is not a cooperative. The commonality of ownership establishes a property tie for the cooperative's member; it will change him from an "employee" to one of the owners, with all the positive effects this change will bring. It is from this that we must proceed for the future.

[Hurta] There is a need for increasing substantially members' interest in the enterprising activity of the cooperative. Then the members will not elect just anybody to the management: they will choose a genuine entrepreneur, a member as a fellow owner of the cooperative, with a commitment to its growth and increased wealth, to effective management.

[ZEMEDELISKE NOVINY] Perhaps the biggest problem is land, that is, the most valuable investment and at the same time a problem unresolved to this day. How do you envision handling its valuation and equity in the JZD?

[Hurta] For members who bought land or those who inherited it one estimate its worth in korunas and convert it into cooperative shares. For instance one hectare of arable land will be valued at 15,000 Kcs, one hectare of meadow or pastureland at 10,000 Kcs, one hectare of forest at 12,000 Kcs. This is merely an example; the actual amounts may be different.

[ZEMEDELISKE NOVINY] What would this mean in practical terms?

[Hurta] A member who brought in 7 hectares of arable land, 3 hectares of pastureland and 5 hectares of forest would have his investment valued at 195,000 Kcs. If one share of the cooperative represents 1,000 Kcs, he would get 195 shares for his investment.

[ZEMEDELISKE NOVINY] And what about JZD members who have not contributed any land?

[Hurta] Whether or not a member has brought in any land, if he has done good work in the cooperative each year of work can be evaluated for instance as two shares. At the same time one should provide for the opportunity to buy shares from the cooperative for cash. So for instance the cooperative's membership meeting decides that membership with all its rights and obligations will be granted to those investing at least 100 shares. Those failing to meet the membership meeting's requirement will become aspirant members (employees) of the cooperative, entitled to all of its privileges as a member (food service, transportation, culture, sports, recreation, child

and old age care and so on). On accumulating 100 shares they too become full members of the cooperative.

[ZEMEDEL'SKE NOVINY] And what advantages will accrue to the cooperative member from owning shares?

[Hurta] Each year the shares will earn interest based on the cooperative's economic results. In order to make their purchase by members worthwhile, interest on the shares should be higher than on bank deposits or savings accounts. So for instance the membership decides that for a given year members will receive 8 percent on their shares. So a cooperative member holding, say, 300 shares will receive 24,000 Kcs for the year. Apart from the member's proprietary relation to the cooperative, paying interest on the shares also provides social security for members especially for retirement time, as well as solid investment of free funds and their appreciation owing to the cooperative's profitable operation. I should hope that this information will not be interpreted as a guide on how to get rich without working. Without conscientious daily work there will be no prosperous cooperatives.

[ZEMEDEL'SKE NOVINY] There is now lively debate about ownership relations to land and many owners (according to the land register) show real interest in their property. Who will crack this hard nut?

[Vodehnal] One of the prerequisites for a successful operation of the existing cooperatives will be a sensible resolution of the owner's relation to land. In Czechoslovakia land has not been nationalized. The land brought in by a member has remained his private property. A practical way of giving reality to this ownership is possible through cooperative shares and the interest they earn. But cooperatives also farm other land which can be rightfully used by them. The proposed law on farm cooperatives will probably make it possible for such land to be separated out for the farmer's use if the owner so requests. Presumably there will not be too many wanting to work the land. But certainly the majority of owners will want to have their ownership confirmed. To these owners the cooperatives will be able to offer obligations. But the problem of land ownership is very complex and a definite solution will not be easy. It will in any event have a strong impact on the land used by each cooperative.

[ZEMEDEL'SKE NOVINY] Successful entrepreneurship in the future will not be possible without changes in the internal organization of the cooperatives. Are there already specific proposals?

[Hurta] Briefly, the required ideal state of affairs can be characterized as a cooperative representing an enterprise associating privately operating members or groups of members. In order to compete successfully with private operators, family farms, stock companies and their combinations, cooperatives must give the largest possible economic autonomy to its production units, centers and workplaces. Autonomy in the sense that they will conduct themselves like private businesses. It is and will be possible to lease to members tractors, trucks, individual

barn stables, restaurants, and commercial units, as well as repair shops. A security deposit for the leased properties is to be required as coresponsibility for the risk. Thus members working in a lessee relationship to the cooperative will be tied to it by production and other activities and economically by profit distribution.

[Vodehnal] A more sensible internal arrangement will produce substantial savings on technical, economic, and administrative personnel. The cooperative management will be responsible for the creation of financial and foreign-currency resources, raising the qualifications of expert and managerial staff and for scientific and technological improvements. At issue is also the relationship with competitors, individually operating farmers, stock companies, as well as small landholders and the so-called metal-and-farm workers. Cooperatives will become an important economic base in the countryside and contribute to the development of a variety of owner-operated forms of business. The new conditions call for an internal strengthening of the cooperatives, for true cooperatives with ownership participation of members. As for entrepreneurship, they require conditions for cooperatives allowing them to initiate economic activities with all forms of ownership and in a variety of cooperative economic arrangements.

Future of Private Enterprise, Crafts Discussed

90CH0022C Prague HOSPODARSKE NOVINY
in Czech 16 Mar 90 p 9

[Interview with Vladislav Burda and Martin Motloch by Josef Valiska; place and date not given: "Private Enterprise: On the Starting Line"—first paragraph is HOSPODARSKE NOVINY introduction]

[Text] With the expansion of citizen entrepreneurial activities we see a return of hopes for improvement in the long-criticized shortcomings in services, trade and in a number of other sore points of our national economy. Newly emerging organizations of people interested in private enterprise are launching considerable efforts in this direction; the Initiative of Prague Citizens in Private Enterprise [Iniciativa soukrome podnikajicich Prazanu] is no exception. Eng Vladislav Burda and Martin Motloch who stood at its inception drew their inspiration for shaping it from the guild system which in the past proved its worth for crafts and trades. Will it help also today?

[HOSPODARSKE NOVINY] Are we seeing now a renaissance of craft guilds in a more modern version of professional associations?

[Motloch] It's not so much a renaissance but rather an effort to make use, for practical reasons, of the many advantages offered by the "guild" system. Prague as a large agglomeration has its specific features; above all there are here a great many people, roughly 10,000, who have already become engaged in private enterprise within the limits permitted by the earlier regulations.

How much interest there is was suggested by the fact that we have at least twice as many applications. According to data from the Prague City National Committee the number is even larger. And it is these people interested in private enterprise whom we want to draw into the association so as to provide them with better opportunities to have a voice on the questions and problems they need to have resolved. Organization by the profession is, under present conditions, the optimum approach; thus far it has proven itself.

[HOSPODARSKE NOVINY] Prague not only has its specific features but, although often in direct connection with them, it also has a number of problems, for instance in services. Do you expect that after enactment of the law on private enterprise you will be able to substantially improve the present sorry state of affairs?

[Motloch] I am convinced that we will. But it requires a clear definition of the conditions in which citizens can engage in private enterprise. The law will open the door for them but it is necessary to know the rules of the game: the so-called material resource base, taxes, social security, opportunities for foreign trade and so on, when I might be able to figure out that with one, two or three hundred thousand in revenues I can pay this or that number of employees.... And it is important for people to feel secure that within a year or two there will not again be some radical changes which would bring entirely new conditions. But there is one monumental problem which the citizens' private business activity is up against. It is space. Not only in the apartment housing complexes, which greatly need improved services, but also in older housing there is an acute shortage of commercial space which used to be provided in the rental housing built in the city. New commercial centers sprang up in the apartment housing complexes. Prague has expanded greatly, but there was no proportionate increase in commercial space such as workshops, stores, or service establishments on the street floor of apartment buildings; there is now a great shortage of them.

[Burda] At present between 60 and 70 percent of the applicants cannot be accommodated. And not only because there are pitifully few spaces for small stores, workshops, or galleries. Often they are needlessly occupied by various enterprises using them for storage and the like. We have therefore begun negotiation with the Prague City National Committee which displays a very realistic and positive attitude toward this problems. With the deputy mayor we agreed to form a commission which would pressure the enterprises to vacate these premises so that they could be allocated to more expedient use by citizens engaged in private enterprise.

How To Go About It

[HOSPODARSKE NOVINY] Do you already have a concrete notion of how to help in making the vacated premises available as soon as possible, after the necessary adaptation, for new and more suitable uses?

[Burda] Yes, we are already hard at work on it. Our section for trade and tourist traffic has been culling from registration forms the most suitable individuals, data on their financial solvency and ability, and their immediate prospects for starting up. In the longer term we want to use this method to assemble sections for individual trades, for instance in the construction business, to ensure that the premises are readied as fast as possible for operations relying on the association's own resources. We would like to persuade the Prague City National Committee to verify this system experimentally in some part of Prague.

[Motloch] For now people mostly come to us with a request for registration and the idea that we will secure the necessary premises for them. But the future entrepreneur should realize that for a 50 Kcs records registration fee in Prague he can not obtain a store worth, say, two million Kcs. This may have been possible in the past, but in the conditions of a market mechanism one can hardly assume that commercial space will be allocated on the basis of a mere application.

Not Only the Glitter of Profit

[HOSPODARSKE NOVINY] But this is obviously not the only idea about business which future operators in the private sector will have to get straightened out. It will be the same thing with the new conditions with the rather entrenched illusion about private enterprise being an easy and fast road to enrichment. Or am I mistaken?

[Burda] It may be putting it a bit harshly, but according to our experience this is not too far from the truth. It is that in most cases people are not aware that a private businessman, who until now was regarded as a kind of shyster or dishonest person in our country, is elsewhere in the world making a living by honest and hard work. He stands against the State, but only because he is not a State employee. Otherwise he earns his money in the same way, sometimes even more, but he is also exposed to greater risk.

For honest business, however, the citizen also needs legal and tax policies guaranteeing that what he invests not in himself but in the firm's development or his employees, or what he spends in other ways for the benefit of the whole society, will be tax deductible and so on. So that the notion that he can "stash away" somewhere a hundred thousand for himself, money earned to promote his own wealth, is absolutely unacceptable, because for that he would be simply jailed. The authority which will exercise supervision knows no compromise, and in cases of dishonesty the businessman faces the huge risk of sanctions including the loss of his business license.

[HOSPODARSKE NOVINY] Since we have mentioned the issue of investing in employees, there is now the expectation that in connection with the processes of restructuring the national economy, there will be a certain level of unemployment, both structural and of the "classical" kind. In these circumstances, expansion of private enterprise may play the important role of a

counterweight, providing new job opportunities. Is this supported by the intentions of the people who come to you, insofar as they reflect the extent of hiring workers?

[Motloch] Certainly, private enterprise could really be of great help in this regard. On our registration cards we have a column where applicants answer a question about the proposed number of employees, or the number of people they would be able to hire. The number is not likely to be realistic in all cases. Some wax far too optimistic—rather often we see a notation like the following: until 1990 possibly two employees with a later prospect for 20 or more... I am not sure the prospective entrepreneurs are sufficiently aware that even if their firm prospers and grows, employees must be paid, given social security, that all will simply have to earn their keep.

Nevertheless I am convinced that private enterprise as such will vastly expand the opportunities for many people who for a variety of reasons will be leaving enterprises and organizations, so that this really offers a fair chance for everyone. But one must not go for it thoughtlessly. The problem is that in our country there is virtually no available capital; after 40 years it has been totally wiped out. Even though of course there are people of substantial means, but not in the form of capital suitable for an entrepreneur. In most cases this is accumulated family property, whether gained honestly or illegally. The data now passing through our hands suggest that in the first stage of the next few years we will see the rise of mainly family businesses with 5 to 10 employees.

"Small" To Begin With

[HOSPODARSKE NOVINY] In your opinion, what will the "average" private firm look like?

[Motloch] As we gather from the registrations, it may have a "husband-and-wife" or "parents-plus-children" configuration, with an additional two or three helpers, often evidently from relatives. And then a number of smaller businesses as for instance construction companies where it will be necessary to hire certain specialized trades; even if most will have 10 to 15 employees they will obviously not be your typical family businesses.

The problem of course is that the capital which they urgently need to start up is something no bank will currently lend them just because they have an honest face; the bank will naturally want to have some collateral. That the required collateral may be in the better cases put up in the form of one's residence, automobile or some other family property, and a complicated system of security guaranties is a rather unbefitting arrangement. Because in spite of their best intentions, just from wrongly assessing their capabilities and strengths, people can lose their property. They must realize that when they take out 100,000 in a short-term loan they will be repaying considerable sums at a time when they need money for investment, and that on top of that, they will

have to earn their living. The euphoria we now see about expansion of private enterprise will not sustain them....

[HOSPODARSKE NOVINY] Where do you see the possibility of helping those interested in private enterprise?

[Motloch] We will of course try to forestall to the greatest extent possible the social conflicts and crashes which may occur. In cooperation with foreign firms we want to organize preparatory or instructional courses for entrepreneurs. We have offers for instance of technical assistance in training, courses for entrepreneurs, and various tests used abroad by those interested in private enterprise to check on their abilities and prospects. This is the help we need most at the present moment.

Being good at a certain trade and wishing to honestly pursue it is merely a basic precondition which is not subject to debate. But a businessman cannot be a good worker alone. He needs to know the basics of accounting, record keeping, and principles of dealing with banks; he must know how to draft documents, contracts and so on unless he is rich enough to hire specialized personnel for this purpose. It is from here that his stature grows as an entrepreneur. But people here had received no education in these matters and it must be emphasized that "private" in the current perception is something totally different from a private businessman or tradesman in the coming market mechanism. Hence we want to lend a helping hand to beginning entrepreneurs to avoid unnecessary bankruptcies. For instance, in neighboring Austria where the market functions relatively smoothly, reportedly up to 60 percent of private entrepreneurs declare bankruptcy within the first two years, and their conditions and experience can by no means be compared with ours.

[HOSPODARSKE NOVINY] Are our bidders for private enterprise aware that they too face the same risk when they become subject to the conditions of a market economy?

[Motloch] I am afraid that they are not entirely aware or do not admit it. Of course we want to draw their attention to it and turn to schools offering economics instruction to help with organizing at least short-term courses which for a certain fee would enable interested citizens to acquire at least the bare foundations of what they would need in private enterprise.

[HOSPODARSKE NOVINY] Considering that there surely will be instances of social shock and failures of firms which fail to prosper, isn't it an illusion to believe that everything will go smoothly? There may be a possibility for you to offer services in finding new job opportunities.

[Burda] We have already offered our services in employment searches to the Prague City National Committee and found them to be interested, since obviously this is something that will be needed. But I want to point out that people turn to us with the idea that we already have

a well-functioning system in place which will provide them with all they need. But for the time being we are operating literally as if during the days of early capitalism; we are trying to acquire the basic equipment, a computer, a fax machine and so on, with which we would be able to handle the required agenda with a fairly decent level of efficiency. Of course we count on this for the longer term, as well as on cooperation with the City Government in resolving current problems.

Privatization: Hopes and Fears

[HOSPODARSKE NOVINY] Right now, obviously the first rush be a result of the interest in private enterprise following the enactment of the appropriate legislation and the subsequent ownership conversion. What areas will be the most affected?

[Motloch] The main part, about one-quarter, lies in road transport, especially freight trucking, the classical "shipping" business that operators want to carry on over the entire Czechoslovak territory as well as across the border. Another roughly 25 percent includes restaurants, bars, bistros, hotels, lodging....

Of course, those interested in running a business frequently have the notion that if they now have a managerial job in some establishment, they will be able to simply take it over as a private business. But this must be defined clearly by law and so far no one has expressed a definite opinion on privatization on this level, even though many people are quietly counting on it. However, no one in the world turns over an establishment to a private person for free in this manner and I don't assume that just in our country it should be so.

[Burda] There is one more problem that crops up in this connection: the fear that Czechoslovakia will be sold out to foreign investors. Such fears were second only to questions on property at every meeting of future private entrepreneurs. Given the unrealistic exchange rate of Western currencies vis-a-vis our koruna, it would not be a difficult job for any state or organization. For this reason we want to push through the idea that properties should not be sold but rather leased, even for the long term, but with the necessary legal guarantees. Of course we know that without foreign capital we won't be able to move ahead, but the worst thing would be to put on the block what is most valuable in Prague, that is, its historic district, which is naturally attracting the most interest.

We now have a terrific opportunity to return Czechoslovakia to its proper place in Europe; therefore, we must be able to put just the right value on the uniqueness of Prague. We will not turn it into another Broadway or Munich or something like that; we won't have hamburgers, hot dogs, or chips everywhere on the Old Town Square, but rather old Prague cakes or old Bohemian buns.

Of course money plays a big role and Czech companies cannot match the financial strength of McDonald's, but it can offer something different. Thus we see the need to

concentrate primarily on this because people will not travel thousands of miles to find the same Chanel here or Coca Cola like at home, even though we must necessarily conform to internationally recognized standards. And we want to do our best to help private enterprise so that the needs of Prague citizens are met, but also so that tourists leave their money here for services rendered them by our citizens.

[HOSPODARSKE NOVINY] It may seem that in contrast to the general euphoria which now accompanies that start of a new era of private enterprise, our article may be far too pessimistic and designed rather to discourage those interested in it. By no means. But it is necessary to recognize that we are entering an era where bold plans are replaced by sober and often quite harsh economic realities which cannot be viewed only through a rosy prism of hopes that "we will manage somehow...." And the opinions of people who are now engaged intensively in concrete efforts to help expansion of private enterprise, be it the Association of Czechoslovak Entrepreneurs [Sdruzeni cs. podnikatelů], the Initiative of Prague Citizens in Private Enterprise or many others, are in substantial agreement on one point: despite all the support private enterprises now enjoy on the highest level, neither the conditions nor the people are adequately prepared for it.

HUNGARY

West Grants Loans to Country

Loan Conditions, Effects

25000698A Budapest HETI VILAGGAZDASAG
in Hungarian 6 Apr 90 pp 75-76

[Unattributed article: "EEC Credit: They Are Making a Common Effort for Us"]

[Text] In the final minutes of their mandate, over the course of two weeks, the last socialist Hungarian government signed two international financial agreements of great significance. Following an agreement with the International Monetary Fund, last week the final touches were added to a \$1 billion loan agreement provided by the Common Market. Thanks to these two documents the new government will not experience financial concerns that will cause headaches during its initial months.

At least the fact that, at least in unusual situations, the mills of the bureaucracy grind slowly also in developed capitalist countries may bolster somewhat the self-confidence of Hungarian state administration workers. Almost three quarters of a year had to pass before an idea, perceived in the nooks of the European Economic Community [EEC] last July—that is, to the effect that the organization should support the cause of the Hungarian systems change—turned into tangible money. Signs indicate, however, that the slowness of politicians and bureaucrats was offset by the lightning speed by which the financial world acted.

True, the Hungarian National Bank [MNB] adds, there is hardly an example for such an initiative in the history of the West European integration, and especially not for a situation in which the beneficiary country is outside the community. Lacking an institutional system for this purpose, a working group was established within the EEC apparatus to organize the credit to be provided to Hungary. The situation was complicated by the fact that from among the 24 developed capitalist countries, some outside of the Common Market requested that part of the criteria established for Hungary also be applied in relation to them.

The fact that last fall the Hungarian Government "wanted to take" the Common Market "at its word" is likely to have played a greater role in prolonging this, because the Common Market openly announced that the number one condition for obtaining credit is an agreement to be reached between Hungary and the IMF for a new standby loan, and, above all, the fact that Hungary should develop a strict economic program for crisis management. The IMF agreement was consummated on 14 March, and so the EEC money received a green light.

The agreement signed last Friday in the Belgian capital by Finance Minister Laszlo Bekesi, MNB President Ferenc Bartha, and on behalf of the EEC Brussels committee by Henning Christophersen provides \$1 billion, or 870 million ECUs [European currency unit], rather than 1 billion ECUs as rumored at the outset. This amount may be drawn by the MNB in the course of five years in three installments, provided that Hungary fulfills the special conditions established for each individual drawing. The so-called tranche criterion for the first 350 million ECUs (about \$420 million) partial drawing was the agreement reached with the IMF. It is likely that these funds may be used within days. The EEC bonds released on the market with the help of French and Belgian banks on the Monday following the 30 March signing of the agreement were sold within hours by the electronic network that links the international money market. The fact that securities bearing a fixed interest rate to be repaid in one sum after five years were transferred by the economic and financial chief directorate of the Common Market in favor of the MNB at extremely advantageous, fluctuating interest rates is an interesting aspect of the transaction. These rates are 0.33 percent below LIBOR, the London interbank rate.

Although the EEC loan bears the "structural change" label, in reality it will serve that purpose only indirectly. On the basis of a joint agreement between the lenders and the borrowers, the more than \$400 million amount will contribute to replenishing Hungary's foreign exchange reserves, thus enabling the satisfaction of a requirement established by the IMF by which Hungarian foreign exchange reserves must be increased by \$800 million by the end of the year. These reserves declined to a threatening extent, to the level of about \$1.7 billion late last year, an amount sufficient to cover about three and a half months of convertible currency imports.

Hungary will be able to make a second drawing from the \$1 billion in about a year. The exact sum of this drawing has not been determined for the time being, we are told by the MNB. As a sign of precaution on the part of the EEC—which is certainly not unwarranted—the criteria for further drawing include that, in the future, Hungary should satisfy its financing needs primarily by way of private loans—that is, that politically motivated international financial assistance should not be able to replace normal business loans provided under tougher conditions. Another group of the requirements prescribes detailed economic reform measures in Hungary, ranging from the freeing of prices to the discontinuation of subsidies, and from fostering private enterprise to infrastructural development. This circumspect system of conditions may guarantee to the EEC that if, contrary to present plans, in the future Hungary were to not enter into an agreement with the IMF concerning a new, medium-term credit, the European Community could still be certain that Hungary was progressing on an economic path which would provide appropriate guarantees for repayment of the loan.

As a result of the loan agreements reached with the IMF and the Common Market, the new government taking power after the elections will find itself in a favorable situation to begin its work, according to MNB President Bartha at last week's press conference. The significance of the two loan agreements is found not merely, and not even primarily, in the amounts of money that may be obtained directly, but in the fact that these loans exert a reassuring effect in the international financial world and restore private banking confidence in Hungary which was somewhat shaken in recent times.

There is hardly any doubt, of course, that the new government received only a postponement, long enough to catch its breath. As we know, it takes only moments to squander the capital of confidence as well as the actual capital the new government received for its journey.

European Parliament Executive Comments

25000698A Budapest HETI VILAGGAZDASAG
in Hungarian 6 Apr 90 p 75

[Interview with Willy De Clercq, European Parliament leader in charge of foreign affairs, by Annamaria Inzelt, in Brussels; date not given: "Into the Common"—first paragraph is HETI VILAGGAZDASAG introduction]

[Text] During the past years Willy De Clercq, the European Parliament executive in charge of foreign affairs has been intensively involved in tightening relationships between Hungary and several Western financial and business organizations. At this time we asked him in Brussels about Hungary's chances of becoming an EEC member.

[HVG] Many compare Eastern Europe's present situation with Western Europe's condition after World War

II. At that time the Marshall Plan played a great role in reviving the economies. At present Hungary needs a similar starter engine.

[De Clercq] That is certainly true. The agreement that has already been signed by the European Community and the Hungarian Government enables many kinds of cooperative efforts. These may be expanded subsequently by signing an economic and political agreement, and then we can take the next step toward a membership agreement.

[HVG] The specific content of the Community's East European assistance program is not entirely clear.

[De Clercq] One of its most important elements is the common package offered by the 24 countries, which they approved for Hungary and Poland. In your case this means a loan worth 1 billion ECUs payable in three installments. This is provided by the member countries primarily to help resolve the difficulties that occur as a result of the lack of balance in the Hungarian balance of payments. Another important part of the assistance program is the establishment of the European Development Bank. This also establishes the financing form of the assistance provision. It is rather difficult to transform a state-directed economy into a market economy, even in Hungary, a country which enjoys a definite advantage over the rest of the East European countries in developing an institutional system that will lead to a market economy.

[HVG] Do you think there is a way for Hungary to join the research and development programs financed by the Common Market?

[De Clercq] Not yet. The opportunity to join the Esprit, the Brite, the Race, and other research and development programs is not yet available to Hungary. I believe that the issue of becoming involved in these may be part of a membership agreement, for example, insofar as Hungary would want to become a member country in the Common Market. If Hungary so desires, it may become a full-fledged member of the Community at a later date, and this would involve yet another type of agreement.

[HVG] Is it advantageous for a small country like Hungary to belong to the Common Market, and if so, to what extent?

[De Clercq] My country, Belgium, is also a small country, and Luxembourg is even smaller. These countries feel that membership in the Community has provided many advantages in the past, and will do so in the future. Joining the Community is not a matter to be determined by the size of a country, and a country's size does not depend on the number of its inhabitants, but on its economic potential. The number of enterprises, entrepreneurial preparedness, and the educational level of the populace are important factors. In the world of giants, the little ones are able to kick the ball only if they do not want to play the game all by themselves.

Finland Offers \$100 Million Loan

25000698A Budapest HETI VILAGGAZDASAG
in Hungarian 6 Apr 90 p 76

[Interview with Knut Stiernvalt, Finnish Embassy commercial counselor, by Agnes G. Barta, in Budapest; date not given: "Friendly Loan"—first paragraph is HETI VILAGGAZDASAG introduction]

[Text] On 19 January 1989 the Finnish Government offered a \$100 million loan fund to Hungary. This is one of the largest credit amounts offered by an OECD country for structural transformation purposes. The competitive conditions by which the fund will be made available are expected to be publicized by the MNB through the commercial banks in April. We asked Knut Stiernvalt, commercial counselor at the Finnish embassy in Budapest, about the purposes of the loan.

[HVG] According to the agreement, the \$100 million loan fund may be used for structural transformation purposes. Which areas of the Hungarian economy did you have in mind primarily?

[Stiernvalt] From Finland's standpoint it is rather important that loans be applied for by Hungarian enterprises which have had relations with Finnish industrial enterprises before. In the area of light industry these include the paper manufacturers, the packaging material manufacturers, various chemical plants, or agricultural and food industry enterprises. We also find it necessary for the fund to be used for environmental protection investments. In addition, we would be happy to find among the contestants various health care institutions, and Hungarian firms active in electronics, communications, foundry works, the machine industry, and the construction industry.

[HVG] Accordingly, indirectly would you also like to provide greater sales opportunities for your own enterprises that are active in these branches of industry with this loan?

[Stiernvalt] Yes, but we would not rule out the use of these resources in other fields of the Hungarian economy, as long as they spend that money in Finland. According to our perception we would like to use part of the loan for the training of Hungarian industry leaders. Finnish institutions of higher education and management training schools could take part in this effort. In my view, this is the most needed help today to accomplish Hungarian structural transformation. Managers will not become truly competitive unless they learn Western management methods, even if their plants are equipped with the most up-to-date technology. At the same time, the loan should also be used to support the establishment of Finnish-Hungarian joint enterprises. I am convinced that there is an opportunity for this in a number of fields.

[HVG] How many Finnish joint enterprises are there operating in Hungary?

[Stiernvalt] To the best of my knowledge we have 11 joint enterprises as of today; last year there were only four. I hope that by the end of this year there will be 16. The largest one is the Hotel Helia. It is built by the Haka construction firm on the Pest side of the Danube Quai, across the river from Margaret Island. It will be open for business in September, a month ahead of schedule. The other largest joint enterprise we have is the Selectronic Limited Liability Corporation, composed of Nokia ITT and Skala Co-op. KONE-Intransmas is third in line. It will manufacture industrial bridge cranes. At present several Finnish firms are operating in Vienna and observing the Hungarian market from there. We would like these firms to transfer their headquarters to Budapest, and use these as a gateway to the rest of the East European countries. This is also becoming increasingly important because a significant part of trade among CEMA countries will be settled in convertible foreign exchange, thus also expanding the market for Finnish-Hungarian joint enterprises.

[HVG] But in order to make these cooperative opportunities a reality, one should know not only the purposes for which this \$100 million fund may be used, but also the cost of credit and the terms.

[Stiernvalt] The loan fund was established on the basis of an agreement between the Finnish and Hungarian governments. The Finnish Credit Bank has been assigned to administer the fund. The MNB has the authority to determine the interest rate to be charged within Hungary, and I cannot provide advance details in this regard. Nevertheless, I will say this much: The terms of the loan are very favorable, and one of the conditions we established is that the interest rate to be charged must be lower than the prevailing commercial rates. Also, the time allowed for repayment and the deadline when repayments must begin will be more favorable than those related to loans that have been granted to Hungary thus far.

Favorable International Balance-of-Payments Developments Reported

25000698C Budapest NEPSZABADSAG in Hungarian
7 Apr 90 p 4

[Article by G. Zs.: "Industry Changes Over: The First Signs of Structural Transformation"]

[Text] Favorable changes in management and market conduct were reported by Ministry of Commerce group leader Mrs. Gyula Nemeth at a Friday press conference. She reported on conclusions reached from facts pertaining to mercantile trade, from this year's plans made by about 100 enterprises, and from the volume of booked orders. Nemeth announced that in 1989 the most positive changes could be observed in foreign trade, and this will continue in 1990, according to her prognosis.

As reported earlier by NEPSZABADSAG, this year the convertible currency trade balance is expected to close with a surplus of between \$700 million and \$1 billion. In

this relation, Nemeth stressed that this does not represent some outstanding, perhaps accidental achievement in a single year, but is the result of a trend that has already lasted for three years.

This adaptation to the market was forced by a stringent, but liberalizing economic policy. One of the important signs of adaptation is the fact that the enterprises, and particularly the machine industry enterprises, are turning away from the Soviet market and toward markets where settlement is made in convertible currencies. Undoubtedly, they have, or had to change their structure in order to accomplish this. Nemeth added that in the background of this phenomenon one also finds external reasons: customs duty benefits received from developed capitalist countries, the relaxation of discriminatory policies by the countries of the European Economic Community, and the discontinuation of certain quantitative restrictions. Contributing to all of this is the global economic boon which, for the time being, is not accompanied by a drastic drop in prices.

During the first quarter of 1990 a foreign trade surplus of between \$170 million and \$180 million has evolved. A surplus of this size has not been achieved during the past decade. Also the export-import parity favored exports. Exports increased in the most spectacular fashion in the machine and food industries.

Enterprise forecasts suggest that import liberalization also allows them to pursue more sensible market policies, and has a favorable effect on exports subject to settlement in dollars. (About 70 percent of this year's imports will consist of liberalized products.) Nemeth did not waste many words on the profitability of exports; all she said was that there are no particular problems in that regard.

The constraint to change markets is also supported by Central Statistical Office [KSH] data, according to which production declined last year by 4.6 percent, while domestic sales dropped by seven percent, and exports subject to settlement in rubles declined by 30 percent as compared to the previous year. At the same time, exports subject to settlement in convertible currencies increased by three percent. Assessments made by the Economic Research Institute also suggest favorable changes. It should be recognized that if several sources suggest identical economic trends, the conclusion about structural transformation and the changing of markets gains strength.

Nemeth reported that, based on constant prices, retail sales declined by 10 percent during the months of January and February of 1990. The most significant decline was recorded in catering (20 Percent) and the smallest decline in the sale of mixed industrial goods (five percent). Only a few products are missing on the supply side. Domestic consumer demand is highly divergent, therefore merchants who sell low cost products or luxury items are the most successful.

The commerce ministry also expects favorable changes in the foreign tourism foreign exchange balance. While this balance showed a \$360 million deficit last year, this year we may expect to see a \$300 million surplus, approximately. Foreign tourism subject to settlement in rubles is hardly subject to predilections due to various rapid changes.

Sarlos on Election Results, Global View

25000697D Budapest NEPSZABADSAG in Hungarian
11 Apr 90 p 3

[Interview with Canadian financier of Hungarian origin Andrew Sarlos, by Sandor Gyory in Bonn, West Germany; date not given: "Foreign Personalities on the Hungarian Elections; Andrew Sarlos: To Establish the Framework of Conditions for an Economic Upswing"]

[Excerpt] [NEPSZABADSAG] What is your evaluation of the Hungarian election results?

[Sarlos] I am very glad that Jozsef Antall's party turned out to be the strongest, and that as a result they may be charged with forming a government. I find it fortunate that last week I was able to have a three-hour discussion with him concerning his economic policy concepts. We found that our views coincided in regard to important issues. We will not interfere insofar as politics is concerned. We are prepared to cooperate with any government that is elected by the Hungarian people. On the other hand, we find it highly desirable that the economic policy of any prevailing Hungarian government stimulate the upswing and that it establish conditions for that.

[NEPSZABADSAG] Accordingly, the information which holds that the Alliance of Free Democrats [SZDSZ] was closer to you, as they were in general to all those from overseas, is erroneous.

[Sarlos] I am unable to comment on who is closer, or who may be closer to people from overseas. As far as I am concerned I can state most sincerely: I always felt the Hungarian Democratic Forum [MDF] was closer to me than the SZDSZ. But let me add here: As a human being it is Imre Pozsgay who is closest to my heart. Thus far I have had only very limited contact with the Free Democrats.

[NEPSZABADSAG] I sense here in Bonn that, even if cautiously, some opposite trends are beginning to raise their heads in Hungarian politics. Based on the prewar model, these tendencies may be regarded as friendly to the Germans on the one hand, and Anglo-Saxon oriented on the other. What is your view?

[Sarlos] Some signs may be detected, perhaps, but experience shows exactly the opposite. In Berlin, for example, I get the impression that they would rather strike a deal with me, the Canadians, or the Americans and the French, than with the Germans. The reason is that the East Germans count on striking a better deal with us than with the West Germans. The fact that the West Germans feel that the GDR belongs to them already plays a role in this. But let me go on: The

Czechoslovakians also prefer to do business with us, because they already sense that the German influence is too great.

Thus far I have not experienced this in Hungary. The ratio of German investments is indeed large. One must not forget, however, that they are much closer to Hungary, that their business offers, particularly from the standpoint of credit, are more favorable than the offers made by anyone else.

[NEPSZABADSAG] Plainly speaking, is the United States falling behind in this race?

[Sarlos] The United States, Canada, and England made a huge mistake, notably that they yielded virtually all of Eastern and Central Europe to German economic influence. As if they had surrendered this area. From an economic standpoint they also yielded the Soviet Union. They will pay a high price for this mistake because there is a rather valuable future market involved. The Central European, East European, and Soviet markets are extremely promising, and the United States will have to pay a multiple of the present price when it recognizes this fact and returns.

[NEPSZABADSAG] What kind of external economic policy do you suggest for Hungary?

[Sarlos] One that avoids all extremes and one-sidedness as much as possible. If the Germans offer the best conditions, they must be accepted, of course. Hungary does not have much choice. But I feel that corresponding with the rate of increase in German investments, Hungary, acting on the basis of self-interest, must make also itself increasingly attractive to other Western capital.

[NEPSZABADSAG] What would it take to continue the present, not unfavorable, influx of capital, to shift this possibly into a higher gear?

[Sarlos] The most important thing is that everyone, every official, must be in his place. All tasks related to each function, from the minister on down through the state secretaries to the lower levels, must be clarified unequivocally. The situation of the leaders must be settled first of all, because from the standpoint of a Western investor personal uncertainty surrounding a negotiating partner is most depressing. Consummating a business transaction is made extremely difficult if the Westerner does not know which Hungarian partner of his is authorized to sign an agreement.

[NEPSZABADSAG] And does the indebtedness not bother you?

[Sarlos] Very much so! Thus, the new government must clarify as soon as possible under what conditions it will be able to continue making installment payments, what concessions it must request from the West to reschedule the debt. The sooner this takes place, the better.

[NEPSZABADSAG] Many noticed, at this Bonn conference too, that nowadays you are much more active in Czechoslovakia than in Hungary. Could it be that your interest has changed?

[Sarlos] No, this is a mistaken belief. It is worth pointing out some facts. By now some 300 people are working with us in Hungary. In contrast, in Moscow and in Czechoslovakia we have only two relatively small offices in each country, while we just opened one in East Berlin. Hungary continues to be the base for our activities, as far as I personally am concerned; Hungary is my native country. We are searching for investment opportunities throughout the region, and in this regard we are guided by two considerations: the places where we can count on the best prepared staff, and the places where the economic conditions are the most favorable.

At the moment, both the personnel and the general system of conditions are the most favorable in Hungary. From the standpoint of a rearrangement to a market economy, Hungary is far ahead as compared to the rest of the states. Compared to Czechoslovakia the difference may be expressed as at least one or two years. It would not hurt for the Hungarians to look out, however, because these countries are working rather hard on making up their disadvantage, and accomplishing integration as fast as possible.

[interview with French foreign policy editor Thomas Schreiber omitted]

Reclaiming Land: Present Situation, Possibilities Discussed

25000699D Budapest NEPSZAVA in Hungarian
10 Apr 90 p 7

[Interview with Dr. Istvan Meszaros, division director of the Land Affairs and Mapping Office at the Ministry of Agriculture and Food, by Vera Lendvai; place and date not given: "Hither and Beyond the Land: Privatization, Rerequisition, Indemnification"—first paragraph is NEPSZAVA introduction]

[Text] What will the consequence of raising the possibility of changes in land ownership be, once a new land law exists? Will many people want to take their land out of cooperatives, or is the smoke worse than the fire? Does this situation disturb the workings of large plants, and when can just claims be satisfied? We asked Dr. Istvan Meszaros, head of the Land Affairs and Mapping Office at the Ministry of Agriculture and Food, to answer these questions.

[Meszaros] There are counties in which the possibility of removing the land from cooperatives is indeed greater than elsewhere. We find this situation mostly in Bekes, Csongrad, and Bacs-Kiskun counties. (While we conversed, a telephone caller from the Baranya County Land Office sought advice, because too many people had besieged their office with questions related to this issue.)

All of the parties announced their programs relative to the land issue. They made statements, but there is no land law yet today. This much is certain: Irrespective of which proposal the new parliament adopts, the foundations of the law must be developed in such a way that they are long

lasting, so that they need not be amended several times each year. The law must be drafted with circumspection, so that it solidifies farming.

[NEPSZAVA] Primarily what kind of persons claim land ownership? I hear that many appear from abroad.

[Meszaros] They are knocking on the doors from abroad. In general, the outsiders are claiming the land. By this I mean the many pensioners from industry who surrendered their land at the time the cooperatives were organized, and went to work for industry, in addition to the foreigners you already mentioned. At present their pensions are low, and inflation has brought them to a situation in which they need supplemental income. For the time being, however, lacking a land law, we can only give polite answers.

[NEPSZAVA] Many believe that they may have the same piece of land returned which their parents and grandparents surrendered to the cooperative. Is this possible?

[Meszaros] There will still be a lot to do when a new land law comes into being, because 500,000 agreements to transfer ownership have been consummated from 1947 on to this date. Councils and cooperatives distributed 800,000 lots, not to mention the fact that roads and highways were built. In other words: The original conditions cannot be restored. But it would be possible to indemnify land owners whose property was taken away illegally, or to satisfy land owners from whom the land was taken away in 1967 for a nominal amount.

Whoever lives where his land was would not find that land. On the other hand, the property records are available everywhere, and on this basis the gold crown value may be restored. That was the standard measure of value all along; it would be appropriate to use it once again. Taking into consideration soil improvement, melioration works, the gold crown value of the land at the time it was taken or surrendered to the cooperative should be considered.

[NEPSZAVA] What is the situation with present cooperative members, those who talk about removing their land from the cooperative?

[Meszaros] This group is composed largely of the older generations that owned land. They will lose their pensions, their household farming rights, and other advantages if they take their land out. But why would a person want to lose social security rights he has worked for for 30 years? Incidentally, even today, they receive enough land to produce in the form of a household farm. What they are pondering is whether they should take the land out of the cooperative and cultivate that land themselves, or lease that land, but only after they retire.

[NEPSZAVA] Are you concerned about a spread in leaseholds?

[Meszaros] No, because a significant land area is commonly owned. According to our present statistics, 65 percent of the land is part of cooperatives. And they can

settle these matters if they lease from owners [as published]. And if others organize farming by establishing larger farming plants on the basis of a lease, one need not be concerned about that either; there is an ample number of examples for that in the United States and in Belgium.

[NEPSZAVA] Could a rearrangement like this shake Hungarian agriculture; could it cause a decline in production?

[Meszaros] Production must not decline; this would not even be justified. There will be a need to produce commodities which demand the large plant setting of cooperatives. Grain production is an example. Within the cooperatives many opportunities have presented themselves for simplified management, and thus for the reduction of costs. I am convinced that cooperatives would be able to pay the leasing fees if, for example, management costs are reduced by half. And they do have land area with which they could satisfy possible claims and rerequisitions. The only thing one should not believe is that all this can be resolved overnight.

As far as privatization is concerned, I believe that the Hungarian peasantry has embarked on that path already, partly by way of household farming and small production, through specialization, or through the production of manual labor intensive products which may also be sold well abroad. And partly by having established units that account for themselves, despite the many attacks. And nowadays even the limited liability corporations make a living in agriculture as it is taking a new shape. And within large plants one must not destroy what is needed and what is beneficial.

[NEPSZAVA] Accordingly, the needed changes should mean privatization in part, and concentration in part?

[Meszaros] Yes. I cannot stress sufficiently the fact that it is the ownership right that must be clarified. Because thus far the land owner has found himself dependent upon an employment relationship in regard to the cooperative. The guarantees must be provided, and then the people themselves will endeavor to establish the needed conditions. In regard to land, it is very important to recognize the need that peasant farms must be able to sell what they produce. This has a future, and this is one of the basic conditions for structural change.

POLAND

Polish Debt Situation Viewed; 'German' Trump Card Noted

90EP0482A Warsaw RZECZPOSPOLITA in Polish
23 Feb 90 p 2

[Article by Piotr Aleksandrowicz: "An Open Bank Account: The Polish Debt—The Need for a New Approach"]

[Text] Herbs, ham, gauffrettes, breadsticks, and also goosedown, refrigerated trucks, and freezing plants—such are the investment projects envisaged for crediting by the World Bank within the limits of US\$100 million

allocated for a program for developing the agricultural and food industries. The aggregate demand of 14 Polish enterprises for investment funds is US\$32.7 million. But as for the six exporters whom we had named in yesterday's issue of RZECZPOSPOLITA, these will use US\$134.5 million from the US\$250 million constituting the second World Bank loan. Thus considerable funds are still available (we shall provide details on how to obtain them in a coming issue of RZECZPOSPOLITA). The middleman is the National Bank of Poland and the domestic distributors of the foreign exchange are three commercial banks: the Bank of Commerce, the Bank for Export Development, and the Food Industry Bank. Doubtless the World Bank's opinion will continue to count, and in the next few months that institution will open in Warsaw a permanent office, the first of its kind in East Europe.

"Its personnel (headed by Director Ian Hume of Zimbabwe) will be authorized to react rapidly, flexibly, and innovatively to requests for support by the authorities," declared the Chairman of the World Bank Barber Conable during the ceremonial signing of the first loan agreements, held on 22 February at the Office of the Council of Ministers and attended by Premier Mazowiecki, during which Chairmen Conable and Wladyslaw Baka, the chairman of the National Bank of Poland, took the floor.

Chairman Conable in his address placed a strong emphasis on social issues, which may be a surprise to persons who are unfamiliar with the guiding ideas of the World Bank. He spoke of the need to provide a safety net, especially in the context of unemployment, as well as to solve the housing question, and he also discussed the tragic state of the environment and the low level of public health. The World Bank is oriented toward promoting growth and improving the quality of life of the population in the countries to which it grants loans. This accounts for the social context of Mr. Conable's speech.

In his turn Baka drew attention to the problem of the Polish debt. The question of creditworthiness, whose importance is stressed by the World Bank, is a question of expanding exports and of the ability to repay the debt. But it also is a question of reducing Polish indebtedness.

During the afternoon press conference the chairman of the National Bank of Poland declared that, in his opinion, within the next few months, or perhaps within half a year, we should be witnessing major reappraisals and practical measures with regard to Polish indebtedness.

Here it is worthwhile to outline briefly the situation on treating as a starting point the comments of the National Bank chairman:

—This year Polish indebtedness will increase by several billion dollars. Such are the assumptions of the economic program as well as the side-effect of foreign support, of the loan by the International Monetary Fund and the World Bank, of the Club of London's

moratorium, and so on. Given the opening of the economy, the revival of economic contacts, and the expansion of cooperation with international financial institutions, it can be expected that for the next few years Polish indebtedness will tend to increase rather than diminish.

—It is doubtful whether Poland can cope with its indebtedness unless it is markedly reduced. The Brady Plan agreements, such as the agreement with Mexico, consist precisely in a substantial debt reduction.

—Therefore the aim should be to broaden agreements of this type so that they may also apply to this country's debt. A kind of equal treatment should be practiced by various creditors vis a vis their common debtor. Specifically, this could mean consent by creditor governments to a reduction in Polish debt.

—There is the natural resistance of creditor countries to the creation of precedent-setting solutions. However, Poland's case seems exceptional for several reasons. First, a European solution of the question of the Polish debt with respect to the governments of the creditor countries could be explored, meaning with the participation of chiefly European financial institutions rather than international ones.

Second, the present situation is exceptional and we should plainly pose the question of whether, in the face of the unification of Germany, European governments are interested in a weak and debt-laden Poland or in a Poland with a permanently recovered economy and one freed of the ghastly burden of its indebtedness. And lastly, another exceptional aspect of the Polish situation, also perceived by the World Bank chairman, is that the Polish economic reforms are blazing the trail for other countries of East Europe, and therefore the highly developed world, Poland's creditors, should be interested in the success of this experiment.

Cost Increases Force Textile, Other Factories To Limit Production

Workers Put on Forced Leave

90EP0466A Warsaw *RZECZPOSPOLITA* in Polish
6 Feb 90 p 2

[Article by M.S.: "Bottlenecks in the Stores"]

[Text] Recently a few textile plants were forced to limit production or even to discontinue work in production sections.

In addition to cotton yarn, the Ozorkow "Morfeo" Cotton Plants also produce fabric and bed linen. With the rise in prices of cotton, electricity, fuel, etc., the prices of textile products made in this plant also increased. For example, a set of bed linen (1 quilt case and 2 pillow cases) cost about 100,000 zlotys. If the retail margin is added to this, the cost of the set will be even

higher. It is not strange then that the demand for cotton articles produced after 1 January, 1990, has dropped.

The "Morfeo" sales division sent a car into the countryside (route: Radom, Rzeszow, Lublin...) with a shipment of bed linen worth 100,000,000 zlotys which was sold for only 1,000,000 zlotys.

In this situation, some of the work force from the production sections was given a two-week leave.

For the same reasons, in the "Prochnik" Clothing Plants production was halted in branches in Janikowo, Rawa Mazowiecka, and Uniejow, and outlets for the sale of fashionable and practical coats, jackets and field jackets were established at all production sections. This sales activity made it possible to empty the stores to a certain extent. In spite of this, the workers of several sections were also given vacations.

A similar situation developed in the Marchlewski Cotton Plants, the "Maltex" Cotton Plants, and several textile plants.

Other enterprises are experiencing similar problems. According to information from the Polish Press Agency, workers have been given forced vacations by the truck factory in Starachowice, the "Agromet" farm machine plant in Lublin, and the shoe factory in Debno Lubuskie (Gorzow Voivodship). The main reason for this is the surplus inventory of these products which are not being ordered by the retail trade.

The near future will show whether the retailers or the producers will break. If it is the latter, the number of persons looking for work will increase and work is difficult to find in Lodz for example.

Additional Clients Sought

90EP0466B Warsaw *TRYBUNA KONGRESOWA*
in Polish 6 Feb 90 p 4

[Article by Jan Kraszewski: "'Marchlewski' Has Stopped; 'Elta' Is Not Complaining"]

[Text] Advertisements of fund-raising fairs have appeared before many Lodz textile and clothing factories. Today this form of sale is becoming the salvation for many firms. All of this is caused by the fact that due to lack of money, mass buyers are reducing their orders or cancelling them. And individual customers are buying...

Due to this, one of the largest cotton textile producers in the country, the Marchlewski plants, ordered a stoppage of production this week. There are 1.5 million meters of fabric in the stores.

Lucyna Gruchala, sales director, said that the Voivodship Domestic Trade Enterprises, the Voivodship Association of Gmina Cooperatives, wholesalers, large department stores, and cooperatives are not picking up

their orders. Therefore they are seeking new customers to whom they are willing to go with fabrics. Bed linen is the best seller...

The workers of the "Elta" transformer and electrical appliance factory are in a better position. When the large energy investments ended, thought was given to finding other contracting parties.

Wlodzimierz Niczyporuk, the director, informs us: "Mid- and high-powered transformers are being sold on the Turkish and Chinese markets. Our order schedule is full. The Polish State Railroads and municipal communications always need our products. The first quarter promises to be no worse. We do not foresee any group dismissals, only corrections resulting from organizational changes."

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