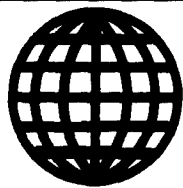


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3 MAY 1990



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CZECHOSLOVAKIA

Draft of Civic Forum's Election Program

90EC0374A Prague ZEMEDLSKE NOVINY in Czech
12 Mar 90 p 3

[Unattributed article: "To Accept Responsibility for Our Own Future"]

[Text] The program commission of the Civic Forum's regional center submitted for discussion the following proposal of the Civic Forum's election program entitled "To Accept Responsibility for Our Own Future."

I. Initial Situation and Its Causes

It was 42 years ago that we inherited our common home, Czechoslovakia, in a relatively good condition. Even before World War II, we were among the advanced European countries. Right after the war our position seemed to be even stronger because we had been hurt by the war to a relatively lesser extent than most of our neighbors. Not only had we taken over a well-developed economy but we were able to resume our deep-rooted cultural and political traditions. Between the two wars Czechoslovakia had been the only democratic country in Central Europe. At that time our state, with its morally and intellectually enlightened leadership, offered a haven to many refugees from totalitarian regimes. It did not avoid the problems and crises of its era, but it did not succumb to the temptation of dealing with them in a forcible, dictatorial manner, and our citizens remained freed until the time when a foreign power occupied our country.

After the war we found ourselves in the sphere of interest of one of the victorious powers. The political party that represented the interests of the power and camouflaged them as utopian postulates made every effort to turn our internal system into a carbon copy of that power. We were forced to abstain from the participation in a far-reaching program aiding Europe and to resign ourselves to the tender mercies of a country whose leader was, next to Hitler, the most notorious mass murderer of the twentieth century. Three years later the communist party seized absolute power without any intention of sharing it with any of the other domestic political forces. From that it also follows that the communist party bears full responsibility for the developments in our country over the next 40 years. The new landlord who took over our home expropriated its previous owners and promised the tenants heaven on earth.

That heaven started with the liquidation of great many residents of our home, especially the most talented ones. The most active of them were executed or had to languish for long years in concentration camps and prisons; hundreds of thousands of skilled individuals went into exile. Those in power followed only one ideal, the ideal of uniformity. Creative artists and scientists were replaced by apologists for a doctrine that pretended to be able to explain everything, but in the end it proved

its almost total ignorance. A worker whom official policies flattered was in reality degraded to a mere production tool and ruthlessly manipulated. Forcible collectivization liquidated the farmer with his deep-rooted attachment to the land. Self-confident, imaginative entrepreneurs were replaced by incompetent clerks who spent their time filling out columns in questionnaires about planning. Public associations were broken up because their relative independence was viewed with suspicion; religious life was suppressed despite its thousand-year-old cultural tradition. The system of uncontrolled and unopposed power resulted in overall degeneration of our political culture and in the extermination of respected political leaders.

Our home was built on deep foundations and with solid walls. It took 20 years of reckless management to exhaust the capital created by the labor of previous generations. Millions of people did work honestly, but the fruit of their labors was often invested in absurd projects that ruined our national economy. At the same time we were losing sight of what was taking place in the world. Cybernetics, genetics and other sciences that could have helped make work for our society more effective were forbidden because such work could no longer be controlled and comprehended by the omnipotent party. Public expressions of independent thought ceased. We were turning into a primitive closed society. Our home became a prison where the morality not only of prison wardens but in the end also of the prisoners greatly declined.

The first uprising of the prisoners took place in 1968. At that time Ota Sik in his television series compared the Czechoslovak economy to Mother Hubbard's cupboard. However, that revolt failed. Stalin's heirs were able to protect their sphere of interest and the immediate executor of the regime of occupation was the communist party. Our disabled nation was forced to endure another wave of emigration and persecution. Another comparison was coined by Louis Aragon who described Czechoslovakia as a "Biafra of the spirit."

At that time the communist regime came up with one of its most meaningful discoveries. It realized that once its past resources are exhausted, it can live on future accounts. And thus, because funds spent for education are typical future investments, over the next 20 years Czechoslovakia slumped from the 22d to the 72d place on the worldwide scale of the share of expenditures for education in national income. Every year on the average 25 tons of toxic waste fall on one square kilometer of our territory, while the same indicator for Sweden is only 0.6 ton. This is another reason why we are one of the countries with the highest mortality in Europe, including the death rate from cancer. The land of Comenius took utmost care to ensure that we do not have a surplus of college-educated people because the obsolete economic structure had no need for them and anyway, college students were regarded with suspicion as a revolutionary element. And so in this particular category we achieved the 49th place in the world. According to some estimates,

over the past 40 years our per capita economic standard plummeted from the 10th to 40th place. If the level of prewar Germany converted per capita equals 100 percent, then Czechoslovakia before the war rated 80 percent; shortly after the war it reached as much as one hundred and twenty percent due to our already mentioned lower losses. Now when compared with the Federal Republic of Germany that indicator equals no more than 17 percent. We are now looking with a mute and humiliating envy even at Austria which in the past used to lag behind. Our country is no longer that delightful corner of natural and architectural beauty. More than 30 percent of our territory, including our capital city, are ecologically devastated areas. Even the Carlsbad spa was removed from the list of world health resorts 10 years ago. The only things that the previous regime contributed to the architecture of the past are the uniform high-rise housing projects. And domestic debt was quietly growing in our newly backward country, raising our indebtedness to the future to Kcs three trillion.

Thus, the current situation of our home is bleak. This is more than the tiles falling off the roof, which the past rulers chose to ignore; this is more than the peeling plaster; now the masonry is crumbling all around. Still and especially now, this is our home; its keys are passed from one generation to another. In this sense the election program of the Civic Forum represents first and foremost a plan to save our home.

II. Objectives

Our basic aim is to return to Europe. By this we mean Czechoslovakia's resumption of her former place among advanced European countries. Our affiliation with Europe is not just an affiliation with highly efficient states which have high living standards, but also an affiliation with a community sharing the same cultural and political values. No uniformity, but plurality is one of fundamental European cultural values and another is democracy and not totalitarianism. For the past 40 years we were forcibly isolated from this European community under the pretext that we belonged to another world. However, our home had always stood on the European ground; our tragic isolation is now a thing of the past.

During our isolation, other European countries experienced a remarkable development. They forged a monolithic economic, political, and cultural unity which safeguarded their intrinsic differentiation but was able to act independently and self-assuredly on the world political scene. This process will be completed in 1992. If we do not want to remain isolated, we must join this process as soon as possible. However, the distance separating us from advanced European countries is enormous not only because in those countries the average worker's wages in conversion are 10 times higher, but particularly because the people in those countries live in an environment which to us is unfamiliar and with which only now we will laboriously begin to get acquainted; it is an environment of political democracy, market economy, sophisticated culture, and advanced technology. For 40 years we

had been trained not to act in a normal way, and no one can expect it to be a speedy and painless process to learn new rules.

On the other hand, our feeling of affinity with the club of advanced countries, and our historical tradition passed down from generation to generation as our national pride have not vanished in Czechoslovakia. If we succeed in transforming our feeling of national pride into deeds, we may yet attain our national goal. The sooner we shall go forth on this road, the greater the probability of our success; advanced countries are not at a standstill and the distance between them and us is constantly increasing.

If we do not want to enter the European community as a poor relation expecting charity and donations, we must start our comeback not only with what the advanced countries share—political democracy and market economy—but also with the specific contributions Czechoslovakia has to offer. That may be above all our capacity of turning our national pride into willingness to make sacrifices. In view of our current stagnation, in the future we must work harder than others, consume fewer fruits of our labor, and reinvest more of them. Otherwise we shall find ourselves in a ruthless economic competition where we could lose again the ownership of our home, where our national assets would be sold out, and where we would become hired hands in our own country. If we yield to the temptation and instantly raise our domestic consumption, we may spend our future instead of starting to repay the debt we owe to the future.

Therefore, we regard political democracy, market economy, and willingness to make sacrifices as the three intermediate goals that will jointly determine whether we shall achieve our main objective. That means that we shall become co-owners of our home able to clean the filth, poisons, and debris amassed in it over the past 40 years; that means that we must have a clear plan for repairs and for new construction, learn from the experience of our more successful neighbors, and for the time being be able to deny ourselves a new color television and give priority to purchases of building materials. The later we start with repairs, the more expensive they will be. We realize that willingness to make sacrifices is not a very popular goal of the election program and that the formulation of this goal may be misused in the pre-election campaign by the same people who have caused our shameful lag behind the advanced world. It was precisely the Civic Forum which together with the Public Against Violence led the antitotalitarian revolution; now it must muster enough courage to follow the example of a British statesman who in one of the most trying moments in his nation's history offered his people toil, sweat, and tears. Today cheap popular promises, which are forgotten immediately after elections, will not help us; the only thing that can help us is a real feeling of responsibility for the future on whose account the previous regime used to live—not only the future of our state but also of a sovereign civic society, and, thus, also our own future.

III. Ways

To achieve the goals stated above it is necessary to insist on specific policies which cannot be a system of stopgap, one-shot, mutually disconnected measures but rather as comprehensive strategy for development. Thus, if in the following paragraphs we outline our ideas about such policies in individual areas, we are doing so with awareness of the narrow correlations in those areas.

We consider the democratic political system a vital precondition for legalization of the results of the November revolution and a guarantee that they will not be left up to the tender mercies of individual political leaders. In this respect we want to implement ideas of a legal state, where power is subjected to laws, and ideas of pluralistic parliamentary democracy with balanced legislative, executive and legal sectors. However, we hold the view that if the state power is not to become alienated from citizens, it must grow from the bottom up, from local civic communities and self-administration with broad authority formulated by those communities. The new political representation may flourish only in a continuous process of free elections on statewide as well as local levels on which concepts and programs and also previous political experience of the candidates will be compared. In this framework the Civic Forum will become in the future a democratic force that will protect the organs of self-administration from attempts of their one-sided nationalization.

Our foreign policy should work above all for our return to Europe by intensively developing contacts with European countries. The Civic Forum endorses President Havel's initiative for an early meeting of the Helsinki conference and for concluding an agreement with all participating countries that will put an end to the division of Europe, affirm the existing borders, and enable the establishment of an all-European security system. This will open the way for our country's independent foreign policy according to principles of equality in relations between states. In the United Nations, Czechoslovakia must vigorously insist on the enforcement and restoration of democratic principles.

Our economic policy should endeavor to provide conditions for market economy. Anonymous state ownership will be replaced by joint-stock, private, cooperative and communal ownership. This applies also to the ownership of land which will be decided by our agricultural workers themselves. However, it must be guaranteed that land will be protected against any possibility of its sale to foreigners. Initial state ownership will be limited mainly to facilities serving the public. Thus, the state will drastically curtail its involvement in economy; among other things, subsidies to unproductive enterprises will be terminated and a uniform tax system will be introduced. At the same time, demonopolization which will take place will prevent disproportionate price increases in the market price-setting system. This will gradually create strong domestic capital to counterbalance foreign capital whose participation is necessary and desirable,

although by itself it cannot resolve the problem of our return among the advanced countries. Sales of stocks to employees of enterprises, with the option of their payment over an extended period, will be favored. Standard mechanisms of macroeconomic regulation will set an economic climate that will prefer delayed consumption, investment of incomes and realistic credit policies. We shall strive to achieve a stabilization and later a growth of real incomes and marked wage differentiation according to performance. Tax burdens will be adjusted so as not to discourage the motivation of entrepreneurs. We endorse the policy of balanced state budgets whose resources will also fund the most essential noneconomic programs, particularly advance training and social and ecological programs. Our foreign trade will unequivocally follow the criteria of economic advantage. To enter the world economy we must expeditiously achieve convertibility of our currency at a realistic rate. We assume that pressures of market economy in every sector will sharply differentiate between good and inferior enterprises. We shall not enforce any central phasing-out programs, but neither shall we stand in the way of liquidation of enterprises that have been inefficient for a long time; we shall strive for a social policy that will mitigate the consequences of such liquidations. However, all our working citizens must get used to the fact that poor, inferior work will have a distinctly negative impact on their living standard.

Our social policy will be focused first of all on social assistance to persons handicapped because of misfortune. Indexed social incomes will be introduced above all in retirement benefits to protect our senior fellow citizens against inflation. As for wages, state guarantees of a minimum wage will be enforced. Nevertheless, we will no longer support egalitarian trends which in fact did not relate the living standard to one's performance; on the contrary, they penalized initiative. Our health services are facing catastrophic health conditions among our population; their development will be based on a simple new health insurance system. Health services must be made available to everyone who needs them—nobody can remain without help. Comprehensive ambulatory and home care, where patients do not lose contact with their environment, should be preferred over hospitalization. Differentiation of incomes will gradually make it possible to reduce women's disproportionate economic involvement, to restore family life, and to provide better conditions for child care.

Our educational policy proceeds from the premise that we can catch up with advanced countries only if we succeed in raising our educational standards, particularly in the future of an informed society where skills will be of decisive importance. Necessary educational standards cannot be based on the needs of the current obsolete structure of our national economy; just the opposite—we regard the advancement of educated experts as one of the most significant factors for the change of this structure and its needs. Future markets will value knowledge and skills far more than ever before. Retraining programs will help retrain

workers for other occupations, and postgraduate programs will continuously test expert qualification; transition to what in fact will be lifelong study must be expected in the future. Our current school system should be opened and adapted to modern teaching methods (including computerization). With higher salaries in our educational system the quality of teachers will improve; we propose that educational institutions on the college level work closely with basic research. We should make every effort to make the teaching profession one of the most prestigious, and school the most important building in each community.

Our ecological policy will focus primarily on the prevention of environmental damages and on harsh penalties for ecologically harmful technologies in order to render such technologies economically disadvantageous. Our goal is to restore the harmony of our society with its environment as the basic precondition for our continuous sustainable development. For that it is imperative to exploit both our renewable and nonrenewable resources extremely carefully, to use them in the most efficient way, and to recycle waste as secondary raw material. In addition, we must restrict emissions of toxic substances into the environment, and restore our country to its beauty and ability to balance harmful effects and to preserve its unspoiled natural values for the future generations. We shall pay special attention to wholesome supplies of drinking water and food as essential human needs.

In our cultural policy we intend to proceed from the principle of freedom of artistic creativity, cultural, and religious activity and freedom of information. Here again we must return to the traditional European cultural values which reject uniformity and nationalization of culture. We plan to pay special attention to the preservation of our national cultural heritage (preservation of historical towns and residences, architectural landmarks, and historical objects). We regard physical culture as an organic part of culture. Voluntary associations should get increasingly involved in cultural activities without pressures of censorship and state supervision. We oppose any one-sided commercialization of our culture.

The basis of our national policies is the recognition of full independence of our two nations living in our common state. As the economic standard of the Czech lands and Slovakia are on an approximately equal level, we consider it appropriate for the federal budget to stop the processes of redistribution; both nations should contribute toward their common needs. In relation to nationalities, we support the right of ethnic minority to be taught in its own language and to develop its culture in its language as much as we support the self-evident right of nationalities to assemble in their organizations promoting their interests.

Regional politics: The renewal of real political life on a local level calls first of all for a broad autonomy of our communities undergirded by their economic independence. We demand a fair regional policy that is sensitive to various conditions of development in individual areas

and respects the specificity of Bohemia, Moravia and Silesia. We intend to support initiatives for restoration of villages and small towns as much as for improving living conditions in big cities.

Our military and security policies will be based on reducing the manpower of the Czechoslovak army in step with the ongoing all-European peace process. We consider it imperative at long last to stipulate an independent Czechoslovak military doctrine and to define in it the character of our army, the principles of its structure, deployment, the conditions of military service as well as its educational program and training of the troops in a democratic and humanitarian spirit. We consider it unavoidable to strengthen police units and train them not to fight political opponents but to keep public order, defend the legal rights and property of our citizens and our state, and fight against real criminal elements and organized crime.

In the current political situation our election programs are reduced to singing praises of democracy and a market economy and to criticizing the former regime. However, the Civic Forum regards such methods as amoral. Citizens who will cast their vote for the candidates of the Civic Forum know that we are not offering them an easy solution. Individuals who, despite verbal criticism, were on the whole quite satisfied with the past system because it never forced them to work hard should realize that our election program demands that they work as hard as they are able. However, the results of that work must remain in the hands of our citizens and the state cannot use it anonymously state to the benefit persons whose incompetence is their own fault.

The future has opened for us once again. Our home may again become a very popular place in Europe. However, our revolution is not yet completely victorious. It will be victorious only when we overcome our hopeless style of living to the detriment of our future and when we shall again start to rise. Therefore, we appeal to every citizen's self-awareness and patriotism, not to demeaning timidity fostered in us for a long time. We do not make any promises—we call for responsibility, mindful of John Kennedy's words: Do not ask what your country can do for you, ask what you can do for your country.

This proposal does not include chapters still under discussion in special committees. They concern, for instance, our agriculture and federation.

Socialist Party Publishes Election Program

90CH0024A Prague SVOBODNE SLOVO in Czech
20 Mar 90 p 3

[Unattributed report: "Czechoslovak Socialist Party's Election Program. Opportunities for the Able—Security for All"]

[Text] The Czechoslovak Socialist Party is entering the free elections with the knowledge that the most important task at present is to achieve a unity of the democratic and patriotic

forces which would prevent a return of oppression and totalitarianism, a unity that would prevent a repetition of past tragedies.

On 8 June 1950 Dr. Milada Horakova, a member of the Czechoslovak National Socialist Party, was sentenced to death by communist judges. It was murder by the courts, unparalleled in the history of our republic.

On 8 June 1990, the day of the free elections, we will express our desire for freedom, democracy, human dignity, and justice for all, we will express our determination to defend the freedom we have fought to attain, and our determination to do our utmost to ensure that the democratic changes in our homeland will become irrevocable.

Democracy in Czechoslovakia

1. We wish to contribute to creating a state founded on constitutional order, market economy, equal access to education, freedom of thought and religion, true autonomy of the municipalities, and the preservation of our nations' traditional moral values.

2. We are convinced that the time has come to finally solve a problem that contributed to splitting the republic in the past, one that would damage our democracy—the problem of the status of the nations and nationalities in our multinational country. We consider this internal unity to be one of the basic prerequisites for our country's successful integration into Europe.

3. We believe that one of the most important tasks after the free elections is the necessary strengthening of the Czech and Slovak statehood, and in this context the strengthening of the jurisdiction of the legislative bodies of both republics, i.e., the national councils. We are convinced that national matters should be decided only by such a measure of jurisdiction as is necessary for the welfare of the united Czech and Slovak statehood. However, we are resolute advocates of Czechoslovak policies and the unity of both our nations.

4. We shall oppose all attempts to monopolize political power, attempts that we must confront even now. We shall oppose any monopoly in the state communication media, and any one-sided actions by the state organs in the interest of only one political party. We shall reject any attempt by economically strong groups to attain the deciding share of political power.

5. We know that one of the citizens' basic rights is freedom of religion. Our party will support the free organization of the Church and religious communities. According to our tradition we want to work together with all churches, particularly the national churches. As a liberally minded party, we will ensure that public life remains clean and open toward the citizens in the modern concept of the term.

6. From the moment he took over his office as the president of the republic, Vaclav Havel has demonstrated high moral qualities, as well as statesmanlike wisdom and resolve, as he had in the past. We are convinced that he is the only person who should lead our republic. We will therefore support his candidacy for the office of president of the Republic of Czechoslovakia for the next term. However, we believe it to be a matter of course that in future the representatives of the deciding political parties should have access to the President. We also believe that the composition of the President's Advisory Council should correspond to the plurality of our democracy after the election.

Securities Provided by Laws

7. In the past the Party has always tried to ensure the high standard of Czechoslovak law, and intends to do so even more effectively in the future. Citizens' freedoms, security for all, and rights and duties must be ensured through comprehensive laws, an independent judiciary, a qualified legal profession, the high quality of legal services, parliamentary supervision, as well as the moral state of society.

8. Protection of the individual and the inviolability of the citizen must be guaranteed much more emphatically in the future than they are now. We consider to be inappropriate the former system of keeping records on individuals, of testimony to character, of registration of one's place of residence, as well as the system of citizens' IDs, the disclosures of which do not correspond to the needs of a free state.

9. We shall strive for the democratic reform of state administration and territorial organization. We would like to have a simple system that respects the traditional and proven territorial union and an administration of matters that serve the citizens. We shall ensure that communities and other self-governing units be granted as much autonomy as possible in accordance with the traditional principle: "a strong community—a strong state."

10. We demand a fundamental reform of the security organs, a re-creation of the institute of community, municipal, and local police forces, of the republic police, and of qualified essential organs managed on a state level. We would like the autonomous organs to have more decisionmaking jurisdiction over the work executed by Security than the Ministry of the Interior.

11. We are especially alarmed at the living conditions and upbringing of children and young people, the material and spiritual prerequisites for founding a marriage and family. We would like the Czechoslovak family to be under the true protection of the state. We call for education throughout the society toward parenthood that would not only include material values, but also spiritual and ethical ones.

12. We shall support measures that would make it possible for mothers to decide whether, with the appropriate financial support from the state, to stay at home with the children until they reach the age of six, and give up the right to retire early, or whether to return to work within the present time limit, and retain the right to retire early. We would like to see mothers who are taking care of children under the age of ten to have their regular recuperation vacation extended by one week, and their worktime to be shortened, according to feasibility and need.

13. We will ensure that basic military service is shortened, and that the soldiers are stationed closer to their homes, so that the natural relations toward town or village, community, and family may be strengthened in the young people. We will attempt to get more frequent waivers of basic military service, possibly even civilian service, if there are extenuating circumstances. We will strive to ensure sure that basic military service is humanized, and all sections of the army, particularly the officer corps, are thoroughly depoliticized. In the future we would like to have a much smaller professional army.

14. In regard to health service, the Party will ensure that it is humanized, that the ethics of medical services are maintained, and the quality of state health care is improved and is supplemented by some paid health services. We will consistently support a person's free choice of a doctor, and a substantial income differentiation between health workers according to the scope and quality of their work. But, above all, we want to participate in the analysis of the causes for the present dismal state of our health service, and to find immediate necessary solutions.

15. We demand that spa facilities be used exclusively for treatment, and that such measures be adopted as would return Czechoslovak spas to a world standard.

16. In regard to retired citizens, we believe it is necessary to introduce an annual reevaluation of pensions in relation to price increases, to devise a system of social contributions to pensioners who are in financial straits, and to support all forms of care for old people.

17. Citizens' invalidism and its consequences are a serious ethical, social, and economic problem. We believe that the fundamental deficiency in the conditions in Czechoslovakia is the absence of a general societal concept, its universal legal relations, and institutional assurance of care for citizens disabled for physical or health reasons. Admittedly a number of governmental decrees exist, but they are not universal and, in addition, they are only seldom or never complied with. We will demand that a system of care for disabled citizens be developed that would create optimal conditions for their integration into society.

18. We will ensure that, if necessary, a program will be worked out encompassing the whole society that would care for persons who are temporarily unemployed; it would include differentiated social security, a system of

retraining, as well as further necessary measures. We believe that the state has the duty to create conditions that make it possible for everyone to share in the collective achievement.

19. We will strive for extensive rehabilitation of citizens who were unjustly and illegally harmed during the past 41 years.

Living Environment

20. We demand that a law protecting the living environment be drawn up and adopted as quickly as possible as the first step toward solving Czechoslovakia's most overwhelming problem. We will reject any exceptions to the validity of such a law and we will enforce strict adherence to it.

21. In order to accelerate reforms in the area of the living environment we will immediately start cooperating with the European Community and contribute to European projects in this area with the aim of attaining waste-free technology.

22. We will strive to create a monitoring system to check the quality and noncontamination of foodstuffs, fodder, and raw materials, and ensure that the public is truly informed about the state of the living environment and its effect on the people's health.

23. We will enforce such legislative measures as will ensure that the evaluation of ecologic consequences of all construction will become an integral part of the licensing procedure.

The Spirit of Enterprise in the Economy

24. We are aware of the general lack of information about the world around us, about the problems we must solve, and about the questions we will have to answer very quickly. From various governments we will request expert information about all forms of ownership, nuclear energy, joint-stock capital, and many other facts which in the past were politically and shortsightedly ignored.

25. We believe that it is necessary to direct our economic strategy toward closer contact with the European Community in the context of our foreign policy, and to create conformity between our economic legislation and the economy of the EC. We believe that a first step in this direction is the absolute equality of all forms of ownership, laid down by the constitution and the law. We call for an exact definition of and respect for specific owners: the state, the community, a group of citizens, and the individual must have the same rights and obligations when acquiring and managing any and all property.

26. We fully support the purposeful, gradual, and consistent transition to a market economy as the only means to assure economic prosperity. We will consistently encourage the transformation of state enterprises into joint-stock companies, where primarily stockholders or bondholders will be the employees, as well as the Czechoslovak state. The sale of stocks to employees will be a

convenient way of utilizing a part of the citizens' underutilized purchasing power. At the same time, the joint-stock form of ownership will create the basis for a reasonable share of foreign investment in our enterprises, which is mandatory if we are to carry out the necessary modernization of our products. We will ensure that our foreign debt will not increase any more, but instead will steadily decrease.

27. We understand the special status of the countryside as the breadwinner of the nation. We know that our countryside suffered considerably due to the socialization of villages and the insufficiently thought-out structure of state management. We will strive for an intensification of cultural and community life in the villages. We will try to find solutions to ownership of land and other property that would grant private agriculture equal rights with state and cooperative agriculture, though we will retain all three forms of farming wherever people want them.

28. We will try to provide support to beginning businessmen, entrepreneurs, and private farmers, by granting them favorable credit terms and tax breaks.

29. We are fully aware of the necessity for everyone in this country to make sacrifices, but the reform should not cause further hardship to the people, whose only "fault" is that they had to live in this country for the last 40 years. We believe that economic changes can affect the material standard of living, but never a person's dignity. We will attempt to ensure that the negative social impacts, which will be caused by the necessary changes in our economy, will be balanced out by effective state social policies.

30. We support free and independent trade unions which will be strong partners of entrepreneurs in matters of wages and working conditions for the citizens.

31. We are aware that our present society is inheriting an economy and other areas of social life that are in a disastrous state. Therefore we will carry out the complex solving of accumulated problems in the areas of economics, ecology, morals, ethics, education, etc., in all contexts at a gradual and optimal rate. We reject all coercive actions leading to the short-term and one-sided removal of one set of problems while intensifying others.

Science, Education, Culture, Sport

32. The Party considers fundamental changes to be absolutely necessary in the area of science and research, where we lag furthest behind the rest of the world at this time. It will ensure that the results of world science are made accessible to the public through all available means. The Party will only support projects that will be useful to the state. In this connection it requests a revision of all state research programs. We would like the universities to be centers of science and research. The Party will devote particular attention to the humanities

and to ecology. The Party will impose the principle of competitive management on all economic and scientific functions.

33. The Party will support the restructuring of our educational system into an open system, accessible to everyone, which will be in accord not only with up-to-date scientific knowledge, but also with our humanitarian traditions. The Party considers all resources invested in the school system to be extremely expedient and worthwhile investments, considering the fact that the future standard of the country is dependent on the standard of education. The Party will particularly concentrate on basic schooling and schooling through apprenticeship, higher education, and young people in general by founding academic national-socialist youth clubs. The Party will try to assure a renewal of academic autonomy and academic freedoms at universities and colleges, and expand contact with teachers and students abroad.

34. We would like our education system to draw closer to the European Community so that the certificates and degrees awarded by our schools will be honored in those countries and our citizens will be able to work there.

35. One of the Czechoslovak Socialist Party's principles is to defend the freedom of artists' direction and expression. The area of culture must be significantly depoliticized. We will aid the development of regional culture and try to find a solution to a way of financing regional cultural facilities even after the KNV [Kraj National Committee] has been abolished.

36. The Party considers physical education, sports, and tourist activities to be important means of raising the morale and physical abilities of the nation, and also to be an integral part of international understanding. Therefore it will support the activity of all democratically established physical education organizations, particularly those that implement a program of "sports for everyone." The Party welcomes the reestablishment of the Czechoslovak school community with whose ideas and principles it is in complete agreement. Furthermore, we will ensure that top sports become more professional, as this is a means to gain full recognition of this socially beneficial activity.

37. In order to ensure the health of the nation, we also want state support for physical education and sports. On a regional level, in the communities, we would like to support the establishment of inexpensive sports facilities, as well as contributions to their operation and maintenance.

38. The Party will deal with young people's problems primarily through the medium of national-socialist youth clubs. We welcome the foundation of JUNAK [The Youth] and are prepared to support this organization.

A Modern Party

39. The Czechoslovak Socialist Party has also entered the history of our Republic under the names national-social and national-socialist party. The Party was present at the birth of the First Republic, was one of the mainstays of Masaryk's democracy, and was the party of the second president, Dr. E. Benes. From 1945 to 1948 it was the strongest opponent of the CPCZ's attempts to usurp power, and that is why several members were persecuted, imprisoned, and executed after the February putsch.

40. Despite this, the Party continued to form an organizational structure and create a foundation for its future appearance. In recent years it gradually began to criticize the devastated areas of our society's life, and to submit drafts of laws which the totalitarian power ignored, and which are only now becoming part of the free life of our country.

41. As early as 18 November 1989 the Czechoslovak Socialist Party condemned the culmination of totalitarian brutality at a public meeting, and on the following day it adopted a resolution which was printed in *Svobodne Slovo* on 20 November 1989, and not only signified the first truly free stand taken by a noncommunist party in 21 years, but also the beginning of unity of the nation and its political powers. The Party allowed the balcony of its publishing house, Melantrich, to be used as a platform during the mass demonstrations in Wenceslaus Square, and contributed to the social movement that led to the downfall of one-party dictatorship after 41 years.

42. The Party counterbalanced its past of the last 40 years through its cooperation with the Dr. Milada Horakova Club, the founding of the National Socialist Youth Club, and particularly through its XXIV Congress in which it merged with the National Socialist Party which previously operated in exile.

43. Though we want to learn from the rich history of the party, we want to be a modern party. To us this means, first and foremost, that we must express the interests of various social and professional groups as well as the interests of the nations and nationalities in our country in a joint program that respects the unity of the state and the unified Czechoslovak statehood. To us this means that we must be a party bringing understanding to all society, grouping its members not only according to territorial organizations, but according to professional interests.

44. Since it was a national party, in the past the Party used to favor the interests of the Czech nation. We believe that it is now necessary to go further, that it is essential that we become a party for all nations and nationalities in the Republic of Czechoslovakia, the only true Czechoslovak party so far. But this is still not enough. In solving the national problems of the state, we must open up to Europe and the world and maintain

international relations with the modern democratic parties of Europe and the world because, in our opinion, this is the only path that will lead to a new Europe, to removing military blocs, to new cooperation between the nations of the whole world.

45. We want to continue to be the party that brings together the citizens of the towns and countryside, thus strengthening their mutual respect and the realization that each group is indispensable to the other. At the same time we want people to be proud of their origins, their relation to the community of their birth, the kraj of their birth, their domicile, its history and cultural values. We believe that the lack of patriotic relations to the country of one's birth is one of the causes of the present state of our society.

46. The modern aspect of our party depends on the modern conception of its activity. We do not merely want to confine ourselves to the conference activities of our organizations. The focus of our work rests in club and educational activities, and above all in the active cooperation in managing public matters in the communities, towns, and in the highest legislative and executive state organs.

With satisfaction and pleasure we state that we are not alone on the path leading to the realization of these stated aims. Therefore we will always strive for understanding throughout society, we will seek allies, and always give priority to the interests of our nations and states in such a way that they will not only have a rich history, but that we will also contribute to their happy future.

Tension Surrounding Republic's Name Controversy Examined

90CH0029A Munich *SUEDDEUTSCHE ZEITUNG* in German 23 Mar 90 p 3

[Article by Michael Frank: "A Time To Cultivate Old Animosity—After the End of the Socialist Regime in the CSSR, the Rivalries Between the Constituent Republics of Czechs and Slovaks Are Being Revived"]

[Text] Bratislava, 22 Mar—"Actually, we Slovaks are grateful to Mr. Jakes," the editor of the Slovak newspaper *VELEJNOST* (The Public) said with a little smile, "some people here were afraid that the Czechs might take revenge for 20 years of Husak, but through Jakes they themselves have a part in this big mess." No matter how ironic the tone may be, the suspicious attitude of many people in Czechoslovakia toward the big peace which broke out with the "velvet revolution" between the two predominant ethnic groups in the CSSR, the Czechs and Slovaks, is deeply rooted.

Many are seriously concerned that Bohemia or Moravia might belatedly blame the Slovaks for the major role the Slovak communists played in suppressing the Prague Spring of 1968 and in the post-Stalin "normalization regime." Two examples: The long-standing party and

state chief, Gustav Husak, who only at the end was replaced for a short time in the communist party leadership by South Bohemian Milos Jakes; and chief ideologist Vasil Bilak, ousted only one year ago, one of the individuals primarily responsible for the then "call for help" to the "brother states" and during the past 10 years the strongman of the party machine. Given the fact that the Slovaks represent one-third of the total population, their percentage at the top of communist functionary leadership did seem rather high to many Czechs. Especially since Bilak himself revealed spicy details from the year 1968: At that time, when political spring was blooming in Prague, the chief of command of the Slovak Army had proposed to advance into the Golden City to personally sweep away the revolutionary ghost. Yet as if to balance this, even Alexander Dubcek, the "Spring's" great protagonist, was also a Slovak.

At first, when the Czech civic forum and the Slovak movement "Public Against Force" together broke the communist party regime, the old animosities seemed to have been swept away as well. There was seldom any open show of hostility in the almost 70-year history in a common state between both "nations," but the relationship has always been problematic. And following the great brotherly surge during the revolution, there is now a storm brewing on the national horizon of the CSSR. The plan to strike the second "S" from the state's name presents welcome cause for controversy. The coat of arms has also set tongues wagging, and the economic reform will produce hardships that are likely to be misinterpreted as malice founded on ethnic grounds.

How explosive the subject actually is, was apparent from Poet-President Vaclav Havel's famous New Year's speech when he spoke of his country and "her nations." It is the consciousness of two peoples that prevails here and not merely of tribes as they might be represented by Bavarians or Franconians. Therefore, when the normally so vigilant state guest Richard von Weizsaecker praises the "Czechoslovakian nation" for its virtues, a general grumbling is heard because there is no such entity but rather there are two.

The Slovaks have profited from the Prague Spring because federalization has survived the latter's reform concepts. Since then there exists a Czech and a Slovak constituent republic. The state leadership is most painstakingly mindful of proportional ethnic representation, which formerly fluctuated among head of state, party, and government. Today, with parliamentarism being strengthened, the president of the National Assembly has been added, while the communist party chairman has disappeared from the triangle as a central power figure. What a lucky coincidence that the revolution produced two national heroes, namely Havel, the Czech, now president, and Dubcek, the Slovak, now president of parliament. If the ethnic group ratio had not become a must, now, at the very latest, the first problems would certainly arise.

On Wednesday, the head of state himself intervened in the dispute, which unexpectedly arose over the state's name. It is not sufficient to the Slovak parliament in Bratislava (Pressburg) simply to rename the CSSR to CSR by eliminating the "S" for socialist, calling it the Czechoslovakian Republic as it was before the communist overthrow in 1944: To emphasize autonomy it demands the insertion of a little hyphen, and thus to write Cesko-Slovenska Republika. Only there is a catch to this as far as the Czechs are concerned. For with this separation Cesko becomes a noun so to speak, which practically means "Tschechei"—the hated invective of the Nazi occupation. Besides, there already was a time when this spelling was used: During the tragic period between the separation of the German settlement area after the Munich Agreement of 1938 and Germany's forcible occupation of the "rest of the 'Tschechei'" on 15 Mar 1939. Hardly anyone in Prague understands why Bratislava wanted to insist on such a discredited signature. Havel now proposed a sophisticated interim solution, with which "cesko" written with small initial letter retains its unproblematic adjective character: Republika cesko-slovenska. Of course, many say that the simple omission of the "S" will prevail, especially since the two parts of the republic have already done so. Various other suggestions were rejected.

The controversy has stirred up a political quagmire. Incensed Czechs perceive in the lack of instinct Bratislava's determination: Is it not true that many a Slovak maintains that their clerical-fascist satellite state of the Third Reich, existing from 1938 to 1945, had never been fascist at all but rather Christian-social? Here the old accusation seems to emerge again that the Czechs alone had suffered the burden of persecution by National Socialists and of the resistance. "Otherwise, how could it be possible," one outraged Prague journalist comments, "that Slovakia surrendered 70,000 Jews to the Nazi henchmen without a single German soldier being stationed there?" Patriotic Slovaks counter with even older reproaches, namely that Slovakia's autonomy, chartered in the 1918 formation-of-state treaty, had never been fully realized.

The government resolution in Prague on Thursday announcing that the manufacture of war materiel would be substantially reduced within three years, may play a certain part in the nationalities rivalries in the future. Anyone who believes that the slowdown of weapons production always brings peace may be wrong. Until now, the CSSR, with exports for roughly M 1 billion annually is the seventh largest weapon supplier in the world, and a rather unscrupulous one at that. The new government wants to rid itself of this reputation. Approximately 100 operations with 200,000 employees will be affected by the production cuts, with the Skoda heavy-industry forge in Plzen/Pilsen being the first. But almost all other factories are located in Slovakia. They represent the core of the enormous development program, which had been launched for the underdeveloped, mostly agriculturally structured part of the country after

the federalization. Still other plants were built at disadvantageous, frequently unsuitable locations, far away from markets and raw material sources. Many of them will have to be shut down again under the free-market reform program. Yet in Bratislava the question is whether those affected will really comprehend why their virtually new factories will be locked up again? Who could find sense in anything that not only costs people their jobs but comes from the traditionally detested "centralists" in Prague to boot? "It will take a great effort to convince the Slovaks that this is not an act of revenge by the Czechs" is the concern in the "Public Against Force" movement.

More harmless are stirrings of regionalism in Moravia. Tradition-conscious Moravians grimly demand their own, third constituent state—quite likely not a serious demand, meant more as a threatening musical accompaniment to the desire for greater cultural independence of the country's central part. But President Havel thinks of everyone: According to his suggestion the Soviet star shall be removed from the national coat of arms, and the Moravian eagle attached to the chest of the Bohemian lion. The symbol of Slovakia could be suspended above all: The three sacred hills with the twin cross. True to national tradition, style and configuration are subject to vehement argument for the time being.

Minister of Interior on Police, State Security

90CH0043B Prague RUDE PRAVO in Czech
20 Mar 90 pp 1, 3

[Article by Nada Adamickova: "About Public Security, State Security, and a Gold Clock"]

[Text] When I entered the office of Federal Minister of Interior Dr. Richard Sacher, the first thing I noticed was a gold table clock. That clock was exactly what upset him when he took over this function.

As he often mentioned, he imagined that on the desk of the minister of the interior would be a computer. It still is not there. But R. Sacher is an optimist and he believes that it, too, will be there before long. And maybe even better equipment for the personnel. But this is just by way of an introduction. The subject of our discussion was on somewhat different matters. To begin with, a few words about the minister's ideas about the mission of his department:

[Sacher] The principles of the security policy of the government of national understanding are the starting point. It is precisely on this basis that we want to give the department a maximum "civilian look" and separate its administration from the direct performance of security activities, bring it closer to the people, and also create mechanisms which would prevent an improper use of security units against the people.

[RUDE PRAVO] Can that "bringing closer" also be understood as making it possible for citizens to, as the

saying goes, poke their noses into everything? That for example a state secret will cease to be a secret?

[Sacher] Some imagine it will be like that. But that is naive. Precisely because we are opening up ourselves to the world, we must be careful not to lose the results of the creative work of our people by unnecessary talkativeness.

[RUDE PRAVO] So you consider it to be an exaggeration that now, following the velvet revolution, we no longer have external enemies, that there is no more danger of espionage and such?

[Sacher] Certainly. A country such as ours will always be an interesting territory for obtaining information of all kinds.

[RUDE PRAVO] Permit me to ask a question about State Security. According to all indications, your statement about this unit having been disbanded did not satisfy the public. People are concerned that it is still active. Are they justified?

[Sacher] We disbanded State Security and we are creating something entirely new, with new people. A unit that will protect us from espionage and defend us against forces which would want to disrupt the development of democracy in our country.

[RUDE PRAVO] In one of your speeches you stated that compromised members will have to leave the corps. But where is the guarantee that in time those who in 1990 were rightly removed from their functions will not again come back together?

[Sacher] It is like this: We must reduce the high numbers of the apparat. Political problems must be resolved by political means, not by police repression. We shall then create an apparat partly from new people, partly by using former members and also those working in the corps who are professionals and never committed illegal acts. But everybody will be checked out. After all, it does not mean that those members who were removed from their functions after 1968 will automatically be given credibility.

[RUDE PRAVO] Excuse me, but as a reporter of a Communist newspaper I cannot avoid this question: Will not CPCZ membership be exactly the reason why people will have to leave?

[Sacher] I never differentiated, and I will not do so even now, people as Communists and non-Communists. People are either decent or the opposite. There are people who are compromised and people who are honest. But we shall demand that people who will be on the staff and at the same time members of a political party do not accept tasks or functions of their party.

[RUDE PRAVO] I would like to go back to the measures which you mentioned. You said on several occasions that confidence in security has been seriously shaken. Are these verifications to be the means of restoring the confidence of the corps?

[Sacher] Partly. On the other hand, however, it is our aim to have people trust Public Security. And that may be possible to achieve if we create closer links between the agencies of the popular government and the local police. People must understand that the work of the police is useful and protects their interests.

[RUDE PRAVO] Concerning your statement about protecting the interests of the citizens. Not a few people point to a certain passive resistance by members of the Public Security. On the other hand, Public Security members are defending themselves by saying that any intervention is considered an infringement of liberties. What do you say to that?

[Sacher] Unfortunately, things are the way you say. A security member must feel that the public will support his actions. As long as he is not certain of it, he will rather pretend that he does not see anything. By that I do not mean to say that it is tolerable. For example, just during January and February there was an extraordinary increase in criminal activity.

[RUDE PRAVO] What to do about it?

[Sacher] We increased the strength of Public Security by graduates of the Advanced School of the National Security Corps. So that people in Prague can feel safe.

[RUDE PRAVO] And elsewhere?

[Sacher] For the time being this will be done in the capital and obviously in Slovakia.

[RUDE PRAVO] There has been an increase in criminal activity, then. If we add to that a Czechoslovakia open to the world and certain phenomena connected with that, one cannot but ask: Can we manage it?

[Sacher] Certainly. But in order to do that, we also need to establish contacts with countries to the West of our borders. We have done much in this respect already.

[RUDE PRAVO] I am asking because there are fears that the security apparatus may disintegrate. Do you share them?

[Sacher] We cannot let that happen. I believe there is no danger of a disintegration. But we want to name promptly some new commanders who will enjoy the confidence of the Public Forum and the key political parties—the citizens.

[RUDE PRAVO] How do you propose to obtain objective information about where to change commanders and where to retain them?

[Sacher] From the Public Forum and discussions at the round tables. That is, I think, a representative sample of the will of the citizens and an understanding of today's realities.

[RUDE PRAVO] But what do you say, for example, to the demand of the Public Forum in Modrany that the Advanced School of the State Security Corps be closed?

[Sacher] Here I would like to ask a question myself: Where would we then train policemen, if we want to have qualified professionals?

[RUDE PRAVO] One last question. Several times you used the term policemen. When will they actually start being called that?

[Sacher] As soon as the new laws on police and intelligence work will come into force. We would like to submit them within the next few months.

[RUDE PRAVO] Thank you for the interview.

Mlynar on Current Challenges, Political Prospects
90CH0016A Prague LIDOVE NOVINY in Czech
10 Mar 90 p 8

[Interview with Zdenek Mlynar by Jiri Hanak and Rudolf Zeman; place and date not given: "They Ran Like Hoodlums Away From Power"]

[Text] In 1977 Zdenek Mlynar participated in the drafting of the Charter 77 manifesto. After several months of police supervision and pressure, he "accepted" the emigration to Austria. A political scientist, he studied and analyzed in particular the crisis of Soviet-type political systems over the past ten years. His views were publicized above all in the emigre journal LISTY published by Jiri Pelikan.

[LIDOVE NOVINY] In a television debate early in December last year you expressed the opinion that overly hasty and radical solutions hide various dangers. Do you still think that you were right?

[Mlynar] I was aware that I was saying many things which were not popular at that moment. Anybody can take a wrong step. At that particular time I thought that it would be extremely premature for the opposition to begin immediately to negotiate for positions in the government; I preferred roundtable negotiations as they were practiced in Poland. That did not come to pass, and the result was the Civic Forum's rapid achievement of government positions, its major share of power, and thus, also its acceptance of responsibility for the situation—and none of that was accomplished by the election process. However, I do not doubt in the least that it was done with public support, although I think that it did, and still does, obstruct the conceptual introduction of well-planned, fundamental political and economic changes. For instance, having joined the government, Valtr Komarek is now increasingly forced to say that the reform will be fundamental, but that our people will not have to pay for it. This may be understood only in the preelection campaign. Also, it was the precipitous action in the Parliament which prompted the method according to which changes are being implemented. After all, everybody can see that it is manipulation in the name of good intentions, and thus, that here the end is supposed to justify the means. This is no school of democracy, but rather a school of compliance, which is the last thing we

need in our country. Of course, this undercuts the genuine, objectively planned political reform which should be advanced by the opposition if it were not already sitting in the government. However, today the representatives of the former opposition now in power are making every effort to push through before the elections as many fast, radical changes as possible. This may be good propaganda during the election campaign—but it is not a good school of democracy.

[LIDOVE NOVINY] Of course, that "haste" helped rapidly break down the power structures of the totalitarian power and achieve political stability.

[Mlynar] Perhaps so. In my personal opinion, this process would occur under different conditions just as well. In the GDR pressures by the opposition which was not represented in the government abolished the State Security and everything that goes with it. On the other hand, I would not idealize the current situation because I do not think that the structure of the totalitarian system consisted only of mechanisms that were disbanded and ceased to exist. It stemmed mainly from the principle of extraordinary powers and arbitrariness, and from the opportunity to persecute individuals unable to defend themselves effectively. The fear of persecution was the mainstay of the old system, and that fear has not yet vanished entirely; even today many people have no assurance and are afraid both of the possibility that the former "authorities with extraordinary powers" might return and also that new ones might appear. Of course, it is true that when the opposition ceased to be opposition and joined the government, it began to win the support of public forces and strata that otherwise would just stand by and wait. In other words: we gained support of those persons who are rather amenable and who side with the winning party. Their support represents an enormous power and every system, even if it rejects it morally, is courting it, because without its help it cannot achieve stability.

[LIDOVE NOVINY] Foreign Minister Jiri Dienstbier said in Canada recently that our present freedom is so much more precious because we did not receive it as a gift, but had to fight for it. I think that this statement is not entirely proper. What is your opinion?

[Mlynar] This is one of the rather frequent expressions of self-idealization of the current process of changes in our country, a kind of ideology of self-glorification. In my opinion it is unthinkable that the changes in our country could have occurred without the developments in the Soviet Union over the past five years. All of a sudden, the old CPCZ power team could depend only on its own ability to suppress by police not only the "dissidents" but also mass protests of our citizens. A whole series of protests took place in 1989, beginning with Palach's anniversary, then the anniversary in August, the holiday in October—the old power could cope with them all but not with the one on 17 November. I think that the old team knew full well that it had to go for broke. Sometimes in the late summer 1989 Jan Fojtik was asked

whether it was a realistic prospect that Dubcek might return to the political arena. Fojtik said that it was possible but if that happens "we no longer will be here." This confirms that those people were thinking about the gamble and felt that they were going for broke. In the end they ran away "from power" like cowardly hoodlums. The broken-down power system created a vacuum; power lay in the street. Only under such circumstances could the Civic Forum arise and its constructive role was not only possible but above all necessary, because the opposition was not organized; it consisted of just a handful of dissident groups which otherwise would not be able to exert any political influence on the spontaneous mass protests except by the mediation of the Forum. Nevertheless, let us go back to the statement about the freedom that has been won in a struggle: It cannot be said without equivocation that we have won something in a struggle; to be sure, our victory was made possible by external changes which left the old power in our country high and dry, and that power was accustomed to foreign protection and rotten to the core, so in fact it fell apart as soon as hundreds of thousands of demonstrators exerted powerful pressures and threatened to declare a general strike. The outcome was a political takeover, but hardly a victory in a revolutionary struggle.

[LIDOVE NOVINY] If I were a communist, I would ask you: Why did Moscow permit it to go so far?

[Mlynar] It underestimated the situation because of its long-term habit of not discussing but rather of imposing policies in this area. And at the moment when the Soviet leadership ceased to command and apply military pressure, it suddenly did not know what to do. Of course, the policy of Soviet nonintervention in our country, in the GDR, and in Bulgaria meant in fact silent support for their former leaders. That cost Gorbachev a considerable loss of prestige, aggravated the controversies and buried all hopes that reforms could be introduced "from the top down." It was a kind of impotence. Naturally, a superpower should realize when it is time to turn its collapsing empire into a commonwealth, and here, I think, Moscow failed. Of course, it is far more preferable if it makes such mistakes rather than those committed in 1968.

[LIDOVE NOVINY] How do you assess Mikhail Gorbachev's prospects?

[Mlynar] I do not think that Gorbachev can be replaced by Ligachev or Yeltsin. There are many reasons why they cannot compete with him. Moreover, his centrist politics demand that both of those factions exist. If he would cut off one of them, he no longer would be in the center. The problem is elsewhere. Gorbachev is almost 60 and, therefore, he does not face an unlimited future, if he does not intend to create a new gerontocracy. That he does not want. I would wager that his task now is to avoid some catastrophic explosion and bring changes to a point where the state will be really separated from the communist party and when the presidential system with strong authoritarian characteristics will be established,

which I regard as the most logical beginning of a long process which will transform the Soviet Union into a pluralistic civil society. It is axiomatic that the situation in the Soviet Union is extremely tense, and the restructuring is going through a critical stage. I see two guarantees of its ultimate success. First: democratization cannot be stopped, its pressure must continue and be instrumental in determining further progress. And secondly: foreign policy must succeed so that no one in the Soviet Union will be able to say, "we are facing a foreign threat, we need emergency measures, the army must restore order." Thus far, they have succeeded. The visions of a foreign enemy have been dispelled, which is extremely important. It provides great latitude, such as our generation cannot remember at all.

[LIDOVE NOVINY] However, let us go back to our domestic problems, namely, the draft of the election law and the objections against it....

[Mlynar] I certainly share many of those objections, but I think that nothing can be done about them at this point. Any delay now would destabilize the situation. In my judgment, it is wrong that the new election system promotes the idea that political pluralism means nothing more than a great number of political parties. The role of political parties is one-sidedly exaggerated; furthermore, this is a situation where a number of parties exist in name only and where there is no stable, functioning party system.

I see a solution to this situation through introducing substantive, well-planned changes of the political system only in the context of the new constitution. I welcome with pleasure the fact that the upcoming elections will elect the parliament for a two-year term and that its main task is to draft a new constitution. In our country it is not a question of a new text of the constitution but of breathing life into our crippled civic society. If our civic society wants to survive, it must be structured—but not merely in the form of political parties.

I see four main pillars of the pluralistic structure which our country's constitution must create, guarantee, and undergird with legal regulations. Next to the political level, which means a solid spectrum of political parties from the left to the right, there is the level of social interests of large groups, something of the sort that functions, for instance, in Austria as a system of the so-called social partnership. That is a group of institutions which mediate compromises in solutions of potential social conflicts, for example, among such groups as industrialists, tradesmen and craftsmen, the working class or rather all strata of workers for hire, and the farmers. By organizing institutions (in Austria the so-called chambers) which unite these large groups, vital questions are settled from the bottom up to the center—and the state, including the parliament and, naturally, also all political parties, must respect their agreements and interests. In our country it would mean, among other things, that strong self-management in the workplace would be carried up to the highest levels.

The third pillar of the pluralistic system is self-management of the communities, towns and certain regional entities. Economic independence and political autonomy in this sphere of self-management are quite different propositions than an excess of political parties. There must be a system in the state that will prevent the central power from making decisions on issues affecting the life of the people in regional units contrary to the will of local self-government. This is more than a federation of two national republics; this is a federation of regional units up to the community level.

And finally, the fourth pillar consists of major special-interest organizations based on generational interests, special women's interests, etc. Of course, trade unions also are an important factor of democracy. Unfortunately, in our country attention today is often focused more on the uniforms of the presidential guard than on the fact that trade unions are not operating properly at a time when far-reaching economic reforms are being launched, which is unthinkable without the participation of trade unions—and of local self-management.

The constitution must resolve all these problems, of course, only as policies and law can solve problems: by creating a framework for the life of the people, which by itself is not politics; by setting the rules of the game which guarantee that people organized in groups and as individuals will be able to act independently. The form of political mechanisms will never be the main concern of an absolute majority of people—they will be concerned about living without dictatorial intrusion of power, politics, and ideology. That is only correct but political mechanisms must make that possible, and for that purpose, while changing the political system, we must uncompromisingly far exceed the current situation. Today a state of simplistic euphoria predominates, wish is the father of thought, old habits are intertwined with new objectives, but I do believe that in the future our society will be able to overcome all of that.

Major Documents From Congress of Trade Union Confederation

90EC0368A Prague PRACE in Czech 5 Mar 90 p 3

[Unattributed article: "Temporary Statutes of the Czechoslovak Confederation of Trade Unions"]

[Text]

Article 1

Trade unions and associations on the level of unions affiliated in the Czechoslovak Trade Union Confederation (hereafter, confederation) hereby found the general council of the confederation (hereafter, general council).

Article 2

Each republic trade union appoints to the general council one member, and to each federal union two members, of whom one is of the Czech and one of the

Slovak nationality. The general council consists of two chambers, namely, the Czech-Moravian and the Slovak. For their mandate, trade unions will assign their permanent delegates as members of the general council. If a member of the general council is absent, the union may appoint another representative with all rights of a member of the general council.

Article 3

Each trade union associated in the confederation vouches for the data concerning the number of its membership.

Article 4

The executive secretary and members of the audit commission of the general council have advisory voice in the general council. In addition,

- officers of statewide trade unions that have their republic organs, and
- statewide interunion coalitions (associations, etc.) whose statute was confirmed by the presidium of the general council

have one vote each.

Article 5

The general council meets at least once every three months. Extraordinary sessions will be convoked upon the request of at least 10 member unions.

In particular, the general council shall:

- a) elect from among its members and recall the president of the confederation;
- b) nominate and recall the executive secretary of the general council;
- c) nominate and recall the audit commission whose members are delegates of trade unions associated in the confederation;
- d) establish statewide special-purpose facilities of the confederation, approve their statutes, and recognize them as juridical subjects;
- e) approve changes in the statutes of the organs of the confederation;
- f) stipulate financial conditions for membership in the confederation;
- g) approve positions on proposals for labor, social and trade union laws by the Federal Assembly and on proposals for other legal regulations for which it has reserved that right, and for adoption by the International Labor Organization; it will demand the right to submit to the Federal Assembly its initiatives for legislation;
- h) make decisions about the confederation's membership in international suprasectoral trade union central

organizations, and about other substantive issues concerning international relations;

- i) set rules for the financial management and administration of joint property of the confederation;
- j) approve financial budgets of the general council, and the final annual accounting;
- k) adopt decisions about declarations of general strikes;
- l) supervise compliance with the regulations of the charter of the confederation and of the statutes of the confederation; it will penalize violations up to possible termination of the membership of the union in the confederation;
- m) discuss and approve reports on activities of its president and reports by the audit commission of the general council;
- n) approve the authority of trade union organs to serve in official functions stipulated by legal regulations, with the exception of appointments of individual organs of trade unions; and
- o) approve its agenda.

Article 6

The general council is a juridical subject.

Article 7

The presidium of the general council (hereafter, presidium) is comprised of seven members, namely, the president and three representatives of organs of the confederation of each republic, whose chairmen serve as vice presidents of the general council. The term of the president's office is four years. The general council will stipulate the powers of the president.

Article 8

In particular, the presidium will:

- a) convoke meetings of the general council, and submit to it reports about its activities and reports on its management;
- b) by appointment of the general council, it will negotiate with the federal government and with federal authorities of the state administration;
- c) approve financial expenditures up to the amount approved in the budget;
- d) approve the number of staff positions for professional employees of the general council;
- e) take positions on proposals for legal regulations that are not the prerogative of the general council;
- f) proclaim statewide general strikes by authorization of the general council;
- g) represent the confederation internationally;

h) supervise the fulfillment of conditions for the membership of trade unions with statewide affiliation in the confederation, and stipulate conditions for financial and property settlement of statewide unions which have terminated their membership in the confederation, or as the case may be, whose membership in the confederation was terminated;

i) register decisions of statewide professional or other coalitions (associations, etc), and approve their statutes;

j) pursuant to labor laws, have the rights and duties of an employer in relation to the salaried employees of the general council; and

k) fulfill other tasks in accordance with decisions of the general council.

The presidium will meet at least once a month.

Article 9

The executive secretary of the general council, which is administered by the presidium, in particular:

a) ensures the fulfillment of decisions of the general council and its presidium; submits to the general council reports about his activities, and regularly informs the presidium about his activities;

b) manages and organizes the work of professional employees of the general council;

c) prepares background information for discussion, and submits it to the general council and its presidium;

d) manages economic and financial operations, and approves expenditures up to the amount stipulated by the presidium;

e) follows the regulations of labor law;

f) provides expert assistance to member unions;

g) participates in negotiations with federal organs and foreign organizations; and

h) fulfills other tasks following decisions of the general council and its presidium.

Article 10

The general council may issue decisions if an absolute majority of its members is present. Decisions are adopted by a plurality of votes of members of the general council in attendance. Each member of the general council has one vote.

If a member of the general council so requests, the opposing position of his union must be entered in the minutes of the general council meeting, and the union he represents will not be bound by the adopted decision.

The majority cannot veto votes on issues enumerated in Article 5 under letters a), b), c), e), h), j), and n); when discussing those issues, the chambers of each republic will vote separately.

Article 11

The audit commission of the general council supervises the management of the confederation's assets by the organs of the general council, compliance with the approved budget, and correct conduct of financial operations, and reviews the management of financial assets and property of the statewide special-purpose facilities. At meetings of all organs of the general council, members of the commission who so request must be given an opportunity to address issues that fall under the purview of the commission. The audit commission meets at least once every three months.

Article 12

The general council will establish a special commission and stipulate the rules of its proceedings to resolve serious controversies among individual member trade unions, among the member unions and the organs of the confederation, and among individual organs of the confederation.

Article 13

The general council will convoke a statewide all-union congress of the confederation once every four years, an extraordinary congress according to need or upon request of at least one-third of the member trade union associations. The general council will stipulate the rules for election of delegates to that congress.

In its procedural order the congress will specify the voting method in the statewide congress. The majority cannot veto votes on procedural order; delegates from both republics will vote separately.

Statutes of the Property, Administrative, and Delimiting Alliance of Trade Unions

1. The Property, Administrative, and Delimiting Alliance (hereafter, Alliance) is the legal successor of the Revolutionary Trade Union Movement. It was founded to assume the right of managing the assets of the Revolutionary Trade Union Movement, which are the property of all trade unionists.

2. The aim and purpose of the alliance is to dispose of the property of the Revolutionary Trade Union Movement in agreement with the will of the trade unions, and to administer such assets until the settlement.

3. The alliance is composed of representatives of all trade unions organized on the platform of the Revolutionary Trade Union Movement, as follows:

a) every union from each republic will delegate to the alliance one representative;

b) each federal union will delegate to the alliance two representatives (one from Bohemia and Moravia, and

one from Slovakia). Representatives may be recalled and replaced by their trade unions at any time.

4. The alliance has the authority to issue decisions if two-thirds of its members are present. Decisions are adopted if the plurality of those present vote for them, while the majority has no right to veto the vote.

5. The alliance approves changes in these statutes by a two-thirds vote of all its members.

6. The alliance may designate its own apparatus for its operations.

7. The headquarters of the alliance is in Prague.

Charter of the Czechoslovak Confederation of Trade Unions

1. Independent trade unions and associations (hereafter, unions) made a voluntary decision to found the Czechoslovak Confederation of Trade Unions (hereafter, confederation).

2. The purpose of the association of unions in the confederation is:

—joint action of the trade union movement on the principle of trade union unity, solidarity and common interests of trade unions;

—protection of legitimate interests and rights of the working people associated in trade unions;

—representation in international suprasectoral organizations.

3. For that purpose, the confederation fulfills these basic tasks:

a) It coordinates the activity of its member unions within the scope of its mandated authority.

b) It represents its member unions vis-a-vis state and political authorities in negotiations on issues exceeding the competence of a single union. This does not preclude negotiations by its member unions in such matters by mutual agreement, without the participation of the organs of the confederation. If such an agreement is made, the organs of the confederation cannot intervene in those affairs.

c) It represents its member unions on an international scale in international organizations, with the exception of organizations of a sectoral character.

d) It conducts such joint operations and provides such services benefiting trade unions and their members on which the member unions have agreed.

4. In their own activities and in the activity of the confederation as a whole, the member trade unions observe the following basic principles:

a) the right to establish separate independent trade union organizations; and freedom of association in trade unions;

b) independence from political parties, movements, state authorities and employers' organizations;

c) freedom of views in enterprises, and internal democratic system;

d) the principle of sectoral or trade union affiliation in trade union associations, and compliance with professional interests.

5. The member trade unions will develop the most far-reaching mutual cooperation in and outside the confederation. They will not interfere in internal affairs of other unions, not even by mediation of organs of the confederation.

6. Professional and other interests of the trade unions may be enforced, among other things, by establishing interunion associations.

7. Interunion associations include appropriate sectors (interest groups, etc.) operating in individual trade unions. The founding of an association will be registered by the appropriate agency of the confederation designated in its statutes.

8. The member trade unions mutually recognize the citizens' membership in trade unions. In those cases where the statutes of the trade union or the decisions of its organ stipulate the term of membership for a certain purpose, it is recommended that the trade unions recognize previous membership in other unions of the confederation as well as in the former Revolutionary Trade Union Movement.

9. The structure of the organs of the confederation, their authority, the method of stipulation and mechanisms of its decisionmaking will be specified in the statutes of the organs of the confederation.

10. The confederation is open to all trade unions which acknowledge the principles stated in this charter and in the statutes of its organs. Membership begins with the signing of the charter.

11. Every trade union has the right to withdraw from the confederation according to the decision of its appropriate organ, namely, by a written announcement addressed to the pertinent organ of the confederation. Its membership is terminated at the moment when the written announcement is delivered. The organ of the confederation, which according to the statutes is competent, will stipulate conditions for financial and property settlement.

12. Violations of principles stated in the charter and in the statutes of the confederation may result in the termination of the union's membership in the confederation.

13. The headquarters of the confederation is in Prague.

14. The confederation is established by the signing of the charter by representatives of at least three unions. The

confederation will be dissolved when the number of member unions is less than three.

Decision of the All-Union Congress

The All-Union Congress of Trade Unions met upon the request of the newly organized trade union associations and of the overwhelming majority of members of trade union organizations.

The All-Union Congress:

I. On 2 March 1990:

1. Appointed the Property, Administrative, and Delimiting Alliance of Trade Unions (hereafter, alliance);
2. Approved the statutes of the alliance, which form an integral part of this decision.

II. On 3 March 1990:

1. Approved:

a) The Charter of the Czechoslovak Confederation of Trade Unions (hereafter, confederation) as a voluntary association of trade unions; the text of the charter is an integral part of this decision.

b) The temporary statutes of the confederation whose text is an integral part of this decision.

2. Recommended to organize on the basis of economic independence and on the principle of republic (if the trade unions do not decide otherwise) the following special-purpose economic organizations:

- a) for economic and technical services,
- b) for financial and accounting services,
- c) for information services,
- d) for publication of newspapers, periodicals and nonperiodicals,
- e) for the training and education of trade union officials,
- f) for recreation and children's camps services,
- g) for social and labor-law counseling,
- h) for construction and investments,
- i) for radio broadcast.

3. It noted that

a) the confederation was founded on 3 March 1990 at 3 o'clock p.m. by the signing of the charter by the following unions (Editorial note: Their list appears elsewhere); copies of the signatures are enclosed to the decision;

b) the rights and duties of the enterprise committees of the Revolutionary Trade Union Movement, stemming from law on enterprise committees No 37/50 of the

Collection of Laws, are hereby transferred in their valid version to the organs of the basic and local trade union organizations;

c) the tasks of a superior trade union organ pursuant to Article 41 and Article 59 of Labor Code will be henceforth implemented by the trade union organs of the republics, or as the case may be, by federal agencies of the trade unions, if agencies of the republics have not been established.

4. It appealed to all trade unions of the federation and of the republics and their associations that they join the confederation.

5. It stipulated that

a) all delegates of the All-Union Congress inform their membership of the proceedings and decisions of the all-trade and all-union congress;

b) the press spokesman of the congress, Mr. Velensky, prepare an official report for the press.

6. It demanded that the official report from the congress for the press and the adopted documents be published in the dailies PRACE and PRACA.

7. It requested

a) basic trade union organizations to continue to meet their tasks in the area of health insurance;

b) all trade union associations to appoint their union representatives by 10 March 1990, and to inform the "KOVO" union accordingly.

8. It appointed Mr Igor Pleskot, the chairman of the trade union in the "KOVO," to convoke the founding session of the union and confederation.

9. It expressed its disapproval of the abrogation of law on enterprise committees No 37/59 of the Collection of Laws; it recommended that this law be revised in a way corresponding with new trade union structures and with the current political situation.

10. It recommended to all trade union organs that they render all possible support to local culture and to their trade union cultural establishments.

11. It recommended mutual cooperation to all trade union confederations.

Prague, on the 3rd day of March 1990.

The Signatories of the Charter

Federal Trade Union [TU] of Workers in Chemical Industry; Federal TU of Workers in Glass, Ceramic, Costume Jewelry and Porcelain Industries; Czech TU of Typographical Workers; Independent Czech-Moravian TU of Workers in Food Industry and Related Sectors;

TU of Workers in Agriculture and Food Industry in Bohemia and Moravia; Independent TU of Agricultural Workers; Federal TU of Workers in Communications; Federal TU of Employees of State Agencies and Organizations; TU of Employees of Justice and Economic Arbitration of the CSSR; TU of Health, Social and Technical-Health Service Employees in Bohemia and Moravia; TU of Workers in Transportation, Highway Management and Automobile Repair in Bohemia and Moravia; Independent Union of Highway Transportation in Bohemia and Moravia; Independent TU of Workers of Public Highway Transportation in Slovakia; Federal Trade Union Association of Railroad Workers; Union of Civil Aviation Employees; TU of River Transportation Workers; Independent TU of Employees of Drivers' Schools in Slovakia; Czechoslovak Sailors' TU; Czech-Moravian TU of Workers in Lumber Industry and Forest and Water Economy; TU of Workers in Construction, Production of Construction Materials, and Engineering-Investment, Planning and Research Organizations; Federal TU of Miners, Geologists and Workers in Oil Industry; Czechoslovak TU of Workers in Gas Industry; Federal TU "Projekt"; Federal TU of Power Engineers; Czech-Moravian TU of Textile, Garment and Leather Industries; Slovak TU of Workers in Textile, Garment and Leather-Processing Industries; Czechoslovak Metallworkers' TU; TU of Scientists and Researchers; TU of Trade Employees; Slovak Health and Social Workers' TU; Czecho-Moravian Union of Service Employees; Federal TU of Employees of the Czechoslovak People's Army; Independent TU of Members of National Security Corps in the CSR; TU of Members of the National Security Corps in the SSR; Professional Firefighters' TU; Czech-Moravian TU of Restaurant, Hotels and Tourism; Czech-Moravian Union of Public Organizations and Their Economic and Special-Purpose Facilities; Slovak TU of Employees of Publishing Houses and Bookstores; Slovak TU of Independent Professions in Entertainment; Slovak TU of Employees of Cultural and Public Organizations.

Weekly Answers Hungarian Minority Charges of Repression

90EC0367A Bratislava NEDELNA PRAVDA in Slovak 9 Mar 90 pp 3, 5

[Article by Eva Kristinova: "Come to Your Senses..."]

[Text] I have been troubled for a long time by one and the same problem. How is it possible that despite all the rights and even privileges our republic has accorded them since its inception in 1918, our Slovak Hungarians are so unshakably convinced that they are being oppressed and wronged—and for that reason, that "they cannot feel happy in our country."

In late 1987 I saw a television program "Kleiner Bruder Slowakei" [Slovakia's Little Brother] broadcast from Vienna, which astonished me by its lack of objectivity. Of the 40-minute air time, a biased presentation of the so-called Hungarian question was given 20 percent, or a

full eight minutes. The only speaker during that time slot was Mr. Miklos Duray who made harsh and above all, untrue charges against our policy on nationalities. His statement was emphasized even more by views of classrooms in a Hungarian school, with repeated shots of the face of a little girl with very sad, apparently tearful eyes, while the commentator lamented the fate and the future of these ethnic Hungarian children in our country, Slovakia.

I thought that the Austrians had overreacted because they still feel somewhat nostalgic for the Austro-Hungarian empire, and therefore, on 23 December 1987 I responded to that program in a lengthy letter; naturally, I signed it and included my address. In it I attempted to explain to editor Otto Hoermann why we Slovaks could not wax nostalgic when remembering those times—the times not of imagined but real and merciless national oppression. I quote: "...We greatly admire the great sons and daughters of our nation who could not be bought off with lucrative positions and social status, and who stood on the side of the nation from which they came and with which they stayed during the hard times. And because they loomed high above the Slovak average and not only it, the whole Hungarian hell came down on them: they suffered imprisonment, harassment and poverty worse than that of church mice. All institutions that the Slovaks had built literally with their blood and paid for with their hard-earned money, could hardly start before they were confiscated and closed by the Hungarians (the Matica Slovenska organization and three Slovak academic secondary schools). We never treated the Hungarians the way they had treated our nation, because we had experienced firsthand how cruel and unjust those methods were. Our Hungarian fellow citizens, many of whom are of Slovak background (Mr. Duray's name reveals that he, too, is of Slovak descent) freely assert their Hungarian nationality and nobody persecutes them for it; moreover, they enjoy certain advantages over us—for instance, 20 percent of the students admitted to colleges in Slovakia must belong to ethnic minorities. In other words, this quota is excessively high. What is more, to meet this quota, less qualified candidates with an average grade of three (in high school) are admitted and special concessions are made for the many of them who cannot speak Slovak at all." (End of quotation.)

Last year when I was on a private visit in the U.S., I came upon Stephen Borsody's book "The Hungarians—A Divided Nation" published by Yale University in 1988. In addition to this book, which I took home with me, I heard references to another book by the same author, "The Tragedy of Central Europe," as well as the report that at that same time Mr Miklos Duray was in the USA on a lecture tour, and that not only did he confirm the allegations stated in both of those books, but added more charges about the "ruthless" and "well-planned" denationalization policy carried out by Slovaks against Hungarians in Slovakia.

Upon my return from the U.S. I went to see the nationally known artist Vladimir Minac who was then

chairman of the Matica Slovenska organization. I considered it my duty to inform him about the situation of our countrymen (as I saw that problem) and in particular, about those two publications and about the drift of Mr. Duray's lectures, because I think that we should not tolerate untrue charges made against us here or abroad. False accusations must be thoroughly investigated and set right. Untrue charges are subject to punishment all over the world.

Vladimir Minac told me that he was aware of all that. From his response I understood that he was disgusted that the Matica Slovenska was powerless to do anything about it. The Csemadok organization can have and, therefore, has a membership base which has the right to nurture in our Hungarian fellow citizens Hungarian national consciousness and frequently also jingoism without any restrictions, but unlike it, our Matica Slovenska cannot have any membership base and its programs are under very strict control which sees to it that Matica really conducts "education in internationalism" in the narrow interpretation of the CPCZ [Czechoslovak Communist Party] Central Committee, and that it does not promote any "bourgeois nationalism."

Nonetheless, our state generously subsidizes such Csemadok activities in our country (the grants to Csemadok in the past years amounted to about Kcs 9 million annually; many more millions Kcs were contributed from the income of the Slovak publishing house as compensation for the deficit of the publication of Hungarian newspapers and magazines in our country; Kcs 28 million in hard currency was paid annually for newspapers and magazines imported from neighboring Hungary). The Ministry of Culture subsidized two Hungarian theaters in Slovakia and cultural and social events of the Hungarian minority groups within its competence; the Ministry of the Interior covered all expenditures for Hungarian education and cultural or educational programs through its channels—municipal and district national committees and the Ministry of Education. I was unable to ascertain many other financial outlays for our Hungarians because of the lack of time and the almost impenetrable interrelations of authority on the part of individual departments in ministries; but all that is still not enough. Some Hungarians living in our country are making truly inconsiderate demands.

Why is it so? It may be that during the era of the former Hungarian kingdom they were accustomed to be the first and foremost in everything, the good and the very best, and for that reason, they were the only ones with the right to speak, decide, and demand, while "the others" were terribly uninteresting, and therefore, supposed to shut up and listen. The Hungarians were accustomed to have to dominate and to regard even the slightest feeling that their primacy might be threatened as unforgivable injustice and violence. Unlike the Austrians, who do not harbor any nostalgic sentiments about the Austro-Hungarian monarchy, they suffer from some kind of a chronic "Hungarian trauma," a pathological condition which they are not willing to give up. To be sure, I have

no other explanation for Mr. Duray's attitudes and utterances. Despite the fact that he had signed the Charter 77 manifesto, his thinking is still limited to ideas from the era of old Hungary.

This can be the only explanation for why our Hungarian fellow citizens are voicing more and more demands now, after our "gentle" revolution, when we all have accepted the fact that we must be more frugal, because it is inevitable that for a while we must face a downturn in our economic situation. They offer nothing to our republic; all they make are more and more demands.

This was confirmed in the Dialog program aired on 2 January 1990. We were shocked by the manner in which the Hungarian participants (they had an overwhelming majority) brazenly called for more and more advantages, and stipulated conditions the way fickle beauties treat their admirers who would do anything to be rewarded at long last with a gracious smile and kind words: "I like it here."

These fellow citizens of ours must get cured of their "Magyar affliction"—and then they will soon see what nonsense they actually have been asking for. They will realize that in old Austro-Hungary, because of the Hungarian chauvinism at that time, they missed a unique opportunity: to create the first multinational modern federative state in Europe. By declaring that other non-Hungarian nationalities are Hungarians speaking Slovak, Croatian, Romanian, etc, they turned Austro-Hungarian monarchy into the notorious "prison of nations."

On 4 January 1990 our newly organized Local Committee of Matica Slovenska met in Bratislava to formulate its response to the Dialog of 3 January.

I read its Open Letter to Czechoslovak Television, signed by all those present, on the Actuality program on 5 January 1990. Our presentation in Actuality—and Dialog itself—received a great number of replies not only from Slovaks and from the Slovak returnees settled in southern Slovakia, whose recent experience with our "oppressed" Hungarians is very bad; one can say that all Slovakia reacted (many people asked how can it be that the Hungarians have comparatively more theaters than the Slovaks).

I received letters of people who confirm that it is high time to respond without rancor, hatred, and cries for revenge, to tell at long last the often bitter truth, and to chart all the blank spots in our past, old, new, and recent history because only that realization can give rise to our national self-awareness and pride—the self-awareness of our citizens, the citizens of our state, regardless of nationality and ethnic affiliation.

It is imperative that the same school curricula which will be published in this patriotic spirit in accordance with our old democratic traditions must be taught in every school in the entire Czech-Slovak federation, and that the practices of the past years not be repeated when

employees of the minority sector of ethnic schools had to go, for instance, to Budapest to "harmonize" the instruction in history and literature for Hungarian minority schools with the teaching of those subjects in the neighboring state, which is illogical and unheard of in the world. For that reason the graduates of those schools did not know where they belong.

In addition to the above-mentioned correspondence I also received a most interesting letter. I take the liberty of presenting it as an example—to illustrate the confusion among some citizens of Hungarian nationality, even the educated ones. In fact, this letter fully supports the "Magyar" contention of the Hungarian national minority in Slovakia. Although she addressed it to me, its author sent copies to other addresses, in other words, made it public. I do not know to whom she sent the original; she "favored" me only with a signed copy of her letter; the reader himself may judge its form and tone:

"Mrs Eva Kristinova Matica Slovenska Martin

"Concerning your presentation in the 'Aktuality' program on Czechoslovak Television in Bratislava on 5 January 1990.

"Better to not come up with any letter of that sort in the future. It is obvious that you know nothing about the problems of national minorities and that you are not even interested in learning about them, and least of all, to resolve them so that we may proceed toward a common goal, toward the building of a 'European home.'

"I would not wish to live in that home with you. One can see that for 40 years you were wearing very dark glasses. You should replace them with clear glasses and look for another job.

"You ignored the concern for our Slovaks abroad. You did not show any interest in their culture and now, when the truth is coming out, you are bothered by it. You ignored many things, and therefore, leave them to those whose concern it is.

"Evidently never in your life have you visited our Slovaks in the Hungarian Republic, Romania, Yugoslavia or elsewhere. You have never lived among the Hungarians, Ukrainians and Gypsies. What right do you have to voice your objections against the "Dialog" program of 3 January 1990, which was much too short to summarize problems accumulated over the past 40 years? You should be removed from your office. You know no other language and no other culture except what you learned in your school. Your information is very limited.

"We, the citizens of the Hungarian nationality, will demand that in the future Czechoslovak Television deal in depth with the question of nationalities outlined in the "Dialog" program, but that you be not invited to participate.

"Those directly concerned have the right to discuss the question of national minorities and ethnic groups.

"For 12 years I went to schools with instruction in the Hungarian language, but my children cannot attend them because in the place of my residence those schools were closed several years ago due to the Stalinist policy on nationalities, which obviously you also supported. In college I had to study with dictionaries because in 1965 I had no other possibility to pursue my education in my mother tongue. In spite of that, I succeeded in overcoming the many hardships standing in my way.

"In my 20-year career as a judge in our socialist society I proved equal to my tasks. I defended in the past, and I still defend the interests of this society, the rights and just interests of all its citizens regardless of their origin, nationality, party affiliation, religion, in accordance with the letter of the law. The past 40 years have shown whether those laws are good or bad.

"Your appearance on Czechoslovak Television made me very angry and therefore, I take the liberty of expressing my views in these lines.

"I am grateful to Mr Vojtech Kesseli, the moderator of 'Dialog', for the standards of objectivity, information and high culture of all its programs thus far.

"With regards to truth and justice,

"Alzbeta Gnothova, Doctor of Law District Court Nitra

"For further information:

1. Czechoslovak Television in Bratislava—"Dialog" program
2. Coordinating committee of the VPN, Jiraskova Street, Bratislava
3. VPN - Matica Slovenska, Martin"

I should like to add a few remarks about this letter:

As everyone knows, in the whole world, even in the most tolerant countries, such as the U.S. and Canada, ethnic minorities must master above all the official language, while they are free to develop their own culture in their own language at their own expense, and thus, to enrich the culture of the state where they live. In other words, our Hungarians themselves must demand a method of instruction in Hungarian minority schools, which after the completion of their studies will enable them to master the state/official language well enough so that they may continue their education and attain social position everywhere in our CSSR. From the human perspective this also is the only approach to the solution of this question.

Does the Honorable Judge Gnothova think it possible to serve in an executive position in our justice system without knowing our official language? That does not make any sense. The new times just beginning should restore also the relations outlined in these lines.

First of all, we must be aware of the reality of where and when we live. Today the mindset from the era of semifeudal Hungary would be really ridiculously anachronistic. Regardless of nationality or religious faith, or

other distinctions that divide people into a colorful social structure that makes life interesting and multifaceted, I believe that since we live in the CSSR, our Hungarian fellow citizens must come to grips with this fact and make every effort to cure themselves of their "Magyar psychosis" affecting them for more than 70 years. We are not depriving them of their language; let them cultivate it, but for God's sake, let them at long last stop clamoring that the Slovaks in Slovakia learn Hungarian. So long as they live in the CSSR and not in Hungary, their duty is to speak Slovak or Czech, depending on whether they reside in Slovakia or in the Czech lands; for we Slovaks the question of learning Hungarian is only a matter of our good will because we must focus first of all on the study and knowledge of other languages, namely, world languages. No matter how much I love my beautiful Slovak mother tongue or how much the Hungarians love their Hungarian language, neither of them is used in world communications and in our future common European home each of us will speak in our beloved mother tongue in his own room, but it would be probably impolite to use it in common halls because it will be a shared home where a common state or official language must be respected.

And thus, our dear Hungarians, come to your senses. Let us concentrate on creating together a pleasant life. And thank your lucky stars that you were born Hungarians in Slovakia, and not Slovaks in Hungary.

GERMAN DEMOCRATIC REPUBLIC

Meckel, Schaeuble Debate Unification

90GE0026A Hamburg DER SPIEGEL in German
Vol 44 No 12, 19 Mar 90 pp 48-57

[Debate, moderated by editors Wolfram Bickerich and Paul Lersch of DER SPIEGEL, between FRG Minister of the Interior Wolfgang Schaeuble and Markus Meckel, deputy chairman of the GDR SPD [Social Democratic Party of Germany (FRG)], at the Bonn DER SPIEGEL office, date not given: "'Annexation Is the Wrong Concept'"]

[Text] SPIEGEL: Mr. Meckel, do you share the fears of oppositionists in the GDR who are afraid of a uniformitarian attitude and loss of identity and, therefore, say that unification must take its time?

Meckel: I think the time has come for German unity. It is now our job to shape this unity by taking relevant steps. In this process, it is in the interest of GDR citizens, who were deceived for more than 40 years, not to be taken advantage of once more—for instance, in the question of ownership. Incidentally, I think that we oppositionists, who have known one another, definitely have an identity, determined by what we have confronted, whereas this is not true of the people who adjusted or retreated into private niches. They experienced the Federal Republic on television. That is their perspective.

Schaeuble: In my estimation, a clear majority of the population of the GDR wants to live in accordance with the Basic Law, or at least the basic structures of democracy and freedom it has come to know from the Federal Republic.

Meckel: That is true—without its having been spelled out—to the extent that the majority of citizens desire democracy and a system of freedom.

Schaeuble: And a social market economy?

Meckel: A market economy means first of all a striving for the kind of prosperity the Federal Republic has created. And while we have learned that the social problems there are considerable, we realize that things aren't all that bad, though of course all that glistens isn't gold. I am skeptical if I hear you say that the people want the Basic Law, for it is not at all familiar among the population. I, who know it a little, can say that it is certainly the best German constitution to date.

SPIEGEL: The way Mr. Schaeuble sees it, the GDR in the near future should state that it is joining the Federal Republic in accordance with Article 23 of the Basic Law, thus adopting the Basic Law. What do you think of that, Mr. Meckel?

Meckel: Our aim is a process of unification in accordance with Article 146 of the Basic Law, culminating in a common new constitution deriving from the Basic Law. We don't want to start from scratch, though. I think the way Mr. Schaeuble sees it, a unification of the two states is not intended by the Basic Law at all, for Article 23 deals with the accession of another part—the Saarland, for example. Now a temporary solution—the provisional Federal Republic—is to be replaced by a new common German Federal state. The end of the constitution refers back to the demand for unity of the pre-amble. That is quite a different case.

Schaeuble: I respect your interpretation, but, to say the least, it is not the prevailing one. Article 146 only states that this Basic Law will be in effect until such time as the German people give themselves a new constitution—no more and no less. Article 23, on the other hand, states for a start where the Basic Law is valid and then states that other parts of Germany could join it. And after this accession we will have to declare sentence two of Article 23 to be over and done with, because otherwise some questions will remain. Who else is supported to join? Accomplishing German unity, in other words, also means answering the question of boundaries.

Moreover, accession doesn't mean by any means "Take it or leave it." Before it occurs, the two German states will have to talk about the procedures of this accession.

Meckel: You know, I think it is a good thing if you say that German unity means that what constitutes Germany is together, as it were. In effect this means lasting validity of the Polish western border.

Schaeuble: No one in Europe wants to have anything to do with redefining borders. Therefore we will have to recognize the definiteness of the Oder-Neisse border.

Meckel: And that at once, without the prerequisite of a peace treaty. That is an important point.

Schaeuble: What I wanted to make clear is that it is not just a decision of the Germans. As a price for unity, recognition of the Oder-Neisse border will be unavoidable.

Meckel: Not as a price. Here we acknowledge history as a consequence of German guilt. My second point is that it would be nice if what you are saying now had also been stated at all election events.

Schaeuble: You ought to attend my events more often.

Meckel: I am saying it would be a good thing if this was the case throughout; Article 23 does not mean direct annexation. At DSU [German Social Union] events, however, one could not escape the impression that sovereignty means that the FRG Government will be the only one left to make decisions, whereas we integrate and surrender our spoons.

Schaeuble: Annexation is the wrong concept. In the last analysis it is exclusively up to the people in the GDR and their representatives to make the decisions. After the election the two German states will now conduct talks. And these need not last all that long. And then a decision will have to be made in the GDR: To join or not to join.

SPIEGEL: Are the talks also to deal with individual constitutional provisions?

Schaeuble: If the GDR desires, we will also have to conduct such talks before its accession and reach a relevant agreement or even execute a change in the Basic Law. That follows from the command of reunification, which requires us to make a serious effort to establish German unity. Article 23 offers every kind of flexibility for that.

SPIEGEL: Mr. Meckel, are proceedings in line with Article 146 bound to degenerate into long palaver, as is being claimed by the opponents?

Meckel: That is precisely the crucial point. Proceedings in line with Article 146 need not take long at all either. I think Articles 23 and 146 do not exclude one another at all. I don't aspire, but do not consider it impossible, to enter into negotiations with the FRG Government on the basis of Article 23 in order to agree on concrete conditions. The result should then be a new constitution in line with Article 146, which will be submitted to the entire population.

Schaeuble: Theoretically it definitely is possible to combine the two ways. Nor is the question of time the crucial argument. What is important is that in a procedure via Article 146 it is not clear at all what the basic structures of our constitution will look like. But we need an element

of creating confidence, of stability, for, God knows, we have enough great tasks to cope with in order to accomplish unity.

Meckel: Now you are creating a scapegoat. We have made it crystal clear that we want to proceed from the Basic Law; only a few provisions should be discussed. Surely it makes sense 45 years after the war for a people to give themselves a new constitution in a historic situation. Of course it is not intended to do away with anything that has proved itself and is also admired by many GDR citizens.

Schaeuble: That does not change anything about the fact that the way via Article 146 does not achieve clarity until the end, whereas Article 23 makes it clear from the start that this Basic Law will remain intact as far as its basic structures are concerned.

Meckel: What are you imputing to the citizens of the GDR? What we had by way of a constitution is no more than a scrap of paper. And the Basic Law is the best German constitution. I claim this the consensus in the GDR. But that doesn't mean it cannot be improved further.

Schaeuble: Nevertheless you cannot establish dependability that way. A constituent assembly in line with Article 146 makes decisions with a simple majority. According to Article 23, the basis is the Basic Law, which can only be changed with a two-thirds majority. Otherwise the Basic Law continues to be valid.

Meckel: After the election we will now ask this question: What is it actually that we are going to do in the pending period of transition? There are two possibilities: Either we seek only some basic provisions for the structures, like coming up with building blocks, or we start out with a new constitution for the GDR, taking the Basic Law and changing a few articles, perhaps even some more. Then it becomes clear that the bulk of what is to be negotiated in the National Assembly or the Council for German Unity, in accordance with Article 146, is the constitutions of the two German states—and it turns out that they really are not all that different. So no one needs to be afraid that the world will collapse. It may even happen that everyone will notice that what those people want isn't all that bad.

Schaeuble: The risk potential for changes in the constitution, given the different majority requirements—a two-thirds majority in the Bundestag and in the Bundesrat—is and remains very much smaller. That is precisely the point. In the case of Article 146, everything is left open, in the case of Article 23 that is not the case.

SPIEGEL: The constituent assembly could be manned in proportion to the population. That would also be a guarantee.

Schaeuble: I take that for granted. If not, it would violate the most basic democratic principles.

Meckel: I don't see it that way at all.

Schaeuble: You want a new constitution with a simple majority with 16 million people having as much influence as 60 million? Please, Mr. Meckel, please!

Meckel: Excuse me, but why shouldn't, in accordance with new rules of procedure, the requirement of a two-thirds majority be laid down for decisions of a Council for German Unity composed on the basis of parity? That's what our election program states.

Schaeuble: A constituent assembly in which 16 million Germans in the GDR have exactly as many votes as 60 million Germans in the Federal Republic would violate the basic principle of democracy that the vote of every individual counts the same.

Meckel: It counts exactly the same in a plebiscite. But I see there obviously exist different models, and I think none has a lease on the truth.

SPIEGEL: Let us talk about a few principles of a changed constitution. Is it possible for it to contain stronger plebiscite elements?

Meckel: May I take the liberty not to begin with plebiscite elements?

SPIEGEL: Actually not.

Meckel: But I would like to. What I find very important is protection of the natural environment, a basic law of personal data protection in light of the new technological situation, and the question of the right to collective labor agreements, formulated more clearly in individual Land constitutions. The right to work, codetermination with parity, and a ban on lockouts would have to be included in the constitution. I also think that the social link and ecological responsibility in respect of ownership would need to be increased. Equality of man and woman in the economy is a further item. The role of the Land—the federative structure, in other words—should be strengthened. And finally, plebiscite elements belong on this list.

Schaeuble: I think it is a bit difficult to deal with a whole list in a debate. Let me briefly pick out a few things. The right to conclude collective labor agreements has been laid down explicitly by us in the Basic Law. Codetermination with full parity cannot be reconciled with the guarantee of ownership no matter how strong the social link is—and it is highly developed in the Federal Republic. For that, you have supreme court decisions. The basic right to informational self-determination has already been developed by our Constitutional Court from Articles 1 and 2 of our Basic Law, and in data protection the Federal Republic is not excelled by any country. As for plebiscite elements, I will say this: To guarantee a stable order for freedom and democracy, the principle of representative democracy is at least as necessary as it has ever been in the constitutional history of the Occident. Therefore I am against plebiscite elements in our constitution.

Meckel: I don't see such threats. We too want a representative democracy. But, the way I see it, it should be

possible to initiate a referendum against a parliamentary decision. A minority in the parliament must be able to rectify things, and if a referendum yields a majority for rectification, the matter must be negotiated anew. The concrete task, in other words, is: Rethink the matter.

SPIEGEL: Mr. Schaeuble, should the federal president be elected direct by the people in the future in order to make him more independent from the parties?

Schaeuble: In the Federal Republic, the mothers and fathers of the Basic Law purposely decided against it. And if one looks at all the federal presidents, there is really no reason to change the selection procedure.

Meckel: I would favor such a proposal because it makes it clear that the president is elected as a representative of all the people. I think we are in a situation different from 1949. At that time the memory of the Weimar Republic and the 12 years of Nazi rule was more pronounced. One had experienced the people's shouts of hurrah. Now we have had 40 years of democracy in the Federal Republic. That is a long period of transition. And all of today's representatives of democracy bear the mark of it. And, on the other hand, we have in the GDR a population which has just risen against tyranny. I think that has created an entirely new situation.

Schaeuble: The Basic Law wants a federal president who integrates all groups, all political ones and also all strata of the population. But a federal president can do that only if his political and legal power is limited. If he has any political power, he necessarily is also involved in the party dispute. His ability to integrate would suffer as a result.

SPIEGEL: And the right to work? The citizens of the GDR are very much concerned about it.

Schaeuble: I can well understand why. For 40 years, GDR citizens de facto have enjoyed something like a right to work. But the results are disastrous.

Meckel: In 1947 we didn't as yet have the kind of centralized economy which later ruined our state. But in 1947 various Land constitutions laid down the right to work. I only want to say: Your argument doesn't hold water.

Schaeuble: My argument is primarily an economic one. In a system of social market economy and wage autonomy, the state cannot assume the risk of wrong economic decisions by an individual, which can also lead to unemployment....

Meckel: Surely it is much more a question of principle.

Schaeuble: The more tasks a state has, the more powerful it becomes, and the greater is the danger that it will restrict freedom, and the greater is the chance of things turning out as awful as in the GDR.

Meckel: It is this comparison that is wrong. In the GDR it was a question of one-party rule and of a centralist

system to match. I also see problems in violations becoming actionable. If nevertheless we demand basic social rights, the idea is to establish a duty of the state concerning employment policy. Such a case is included in the Spanish constitution, for example.

Schaeuble: Mr. Meckel, we have in fact also become accustomed to taking our rights included in the Basic Law seriously, not just to include in it nice programmatic sentences. You cannot endow certain government policies with a constitutional quality—not in economic and employment policy either.

Meckel: As for the issue, you say yourself that it is part of the duties of the state to see to employment. We want this duty to be included in the constitution. The right to work corresponds to this duty. I realize we have arrived at the only too well known dispute about the nature of social and civic-political human rights. But surely it has been acknowledged internationally that, though violations are not actionable in the same way, social basic rights exist too.

SPIEGEL: One would interpret the right to work as part of the development of the welfare state, similarly to the right to a home or also a stronger social tie of ownership—all questions that are being debated in the GDR.

Meckel: I didn't want to interfere in your political dispute about state employment policy. I am speaking of traditions of constitutional law. Nor do we want to bring in new eccentricities of social democrats.

Schaeuble: They are old errors, not new eccentricities.

Meckel: Let us take the subject of ownership. We are actually out to give stronger emphasis to the social obligation and, at the same time, ecological responsibility, which is also connected with ownership.

Schaeuble: We of course have a high degree of social obligation of ownership.

Meckel: I don't dispute that at all, but what is wrong with greater emphasis?

Schaeuble: I really cannot see why we should augment our constitution with further elements weakening ownership. As for the state ecological objective, we in the Federal Republic are in the middle of talks.

SPIEGEL: The question is how effectively ownership should be limited, to what extent economic interests, such as those of big polluters, should be restricted.

Schaeuble: The real crux of the debate about the environment is not so much the question of ownership as the question whether this state objective leads straight to a legal claim. And as far as industry goes, our legal regulations are definitely proving effective—particularly also in comparison with the GDR.

Meckel: Of course it is a question of ownership. Regard for the natural foundations of life amounts to an obligation in dealing with ownership, or ecological responsibility. I keep hearing you say, "We already have all that"—as if there wasn't anything better. Besides, I wonder why you are resisting the idea of also codifying such a thing in a constitution.

Schaeuble: If we were to cement everything in a constitution, we would soon find, in the light of the quickly changing requirements, that we are not able to react any longer. Precisely in the protection of the environment we have witnessed incredible changes in the past 40 years. I think it is much better for us to limit ourselves to the most important principles of development and otherwise simply leave it to the legislator to make the decisions.

Meckel: I think it is highly problematical for you to talk about cementing when I speak of responsibility connected with ownership. I am speaking of ethical bases which are also valid as far as any owner is concerned. He should be pinned down to this by the constitution as well. That is a crucial difference.

Schaeuble: You misunderstand me. There is no argument about protecting private ownership, albeit with the limitation of social obligation. What do you want to be settled by the makers of the constitution over and above these elements?

SPIEGEL: The more strongly you formulate a state objective or the basic right concerning the environment, the more strongly can ownership be limited—in weighing an individual case.

Schaeuble: On one state objective we agree.

SPIEGEL: If your scenario via Article 23 is realized, Mr. Schaeuble, when do you figure accession will take place?

Schaeuble: I think it could be fairly soon. I do think accession would be possible as early as this year.

Meckel: I think what I have described can also be realized as early as this year.

SPIEGEL: And the especially worrisome problem on both sides, migration? Will it be solved through unification? Or will the disappointment at the hoped for prosperity not arriving all that fast cause a further increase in the number of people moving west?

Schaeuble: We can and should as quickly as possible create initial steps in economic, currency, and social union. We have an urgent joint interest in not stirring up further the feelings of resentment against Germans from the GDR here in the Federal Republic.

Meckel: Now after the elections, everyone will not suddenly stay put. On the other hand, there will also be a move from the Federal Republic to the GDR. People with initiatives will come to the GDR because it is worth their while.

Schaeuble: Your issue is going to be published soon after the election. So it is a good thing for us to state jointly: We should see to it as quickly as possible that the GDR does not continue to bleed to death.

SPIEGEL: Mr. Meckel, Mr. Schaeuble, we thank you for this interview.

POLAND

Environmental Protection Policies, Budget Reviewed, Criticized

90EP0467A Warsaw RZECZPOSPOLITA in Polish
12 Feb 90 pp 1-2

[Article by Krystyna Forowicz: "Ecopolitics"]

[Text] Ecologists view as eyewash last year's decisions to shut down Siechnice Steelworks and the noxious production department of Celwiskoza [plastics] Plant in Jelenia Gora. It is no accident that these two scraps were thrown to the society before [last June's] elections to formally satisfy it. Formally only, because they caused no change in the domain which we term environmental protection (!).

Some hope for the solution of the urgent ecological problems was brought by the "round table" deliberations. Although their assessment would be premature, it must be admitted that the implementation of the "green" postulates is not producing satisfactory results.

What is more, the National Program for Environmental Protection has collapsed, as it does not fit the current situation. Substantial funds and tremendous efforts were invested, not for the first time, in creating something that turned out to exist only on paper, lacking financial credibility and public acceptance. The newly appointed deputy ministers of environmental protection are so caught up in current domestic and foreign affairs that they simply cannot catch their breath and attend to formulating a concept of environmental protection.

These and other anxieties are being voiced by activists of the Ecos Club (established under the League for the Protection of Nature) and by ecologists, that is, by experts on the problem.

The lack of a strategy of action as regards a new environmental policy and a kind of impotence displayed by the Ministry of Environmental Protection were manifested at a recent session of the Sejm Commission for Environmental Protection, Natural Resources, and Forestry, devoted to the budget [of the Ministry of Environmental Protection]. That budget provides for 272 million zlotys for educating the society in ecological knowledge and popularizing knowledge—meaning the cheapest form of environmental protection. In contrast, as for the funds needed for the research under way in the Pacific Ocean, whose meaningfulness could not be in any way demonstrated, these were budgeted at 31 billion zlotys. Several other comparisons are equally shocking.

The draft of the of the ministry's budget does not include such an important line item as [environmental] monitoring. And the total funds for environmental protection equal one half of the budgeted investments in water management (86 percent of the overall proposed outlays).

Ecologists are reddening with anger. A classical example of the confusion of concepts, which should be attended to by the Ministry of Environmental Protection, is the recently published list of the 80 worst poisoners. "Should the environmental protection departments of voivodship administrations determine the schedules for the construction or modernization of protective facilities, or should they attend to ecological changes in manufacturing technologies?" asked Dr. Andrzej Kassenberg, vice chairman of the Polish Ecological Club. It is difficult to disagree with him. These tasks belong in the purview of industrial plants, while the voivodship environmental protection departments should instead finally start issuing environmental protection regulations. When will the ministry stop acting as a sewage treatment plant cleaning up after the polluters?

Do we have at present any clear concept of an undisturbed economic growth consonant with nature?

Dr. Tomasz Zylicz, director of the Economics Department at the Ministry of Environmental Protection, views the matter Western style. In the highly developed countries (grouped in the OECD—Organization for Economic Cooperation and Development) the binding principle is that of responsibility of the environmental violators: the polluters pay. In practice this works as follows: The polluter invests in measures required to reduce the environmental pollution to the emission-norm level assigned to him. In other words, this principle simply means self-financing of environmental protection measures.

But what may turn out to be a genuine revelation, advocated in this country by progressive economists, is the free market for "trade in emissions" (that is, in waste removal permits). This form has tested itself in United States and West European practice. Will our local authorities like it?

It is our local authorities that would fix for their subordinate enterprises the permissible overall maximum of polluting emissions, or, in the case of liquid wastes, the quantity of heavy metals acceptable to the environment, without bothering to determine the maximums for individual enterprises. The enterprises could sell part of their emission norms to other users of the same environmental fragment. As a result of such transactions, the right "to litter" would be purchased primarily by those for whom the cost of environmental protection is the highest. And it is precisely these worst polluters that would be most anxious to purchase this right. Of course, only for a time, because at a certain moment the construction of liquid waste treatment plants or precipitation filters would prove to cost less than the buying of

such permits. As for the sellers of emission rights, they would be those for whom it is easiest to adhere to emission norms so that they have a "surplus" to sell and to profit from it abundantly.

There is also no dearth of opinions that, in an effective system for environmental protection, fines and penalties are a medieval relic. It is time to *zryczaltowac* the fines for environmental use, and as for the imposition of penalties it is, to say the least, pointless, because they absorb an enterprise's funds which could otherwise be used to finance measures for environmental protection, and thus they delay these measures. And as for penalizing the factories which are environmentally hopeless, this is nothing other than prolonging their agony. Example: the Hajduki Chemical Works in Chorzow, which should have already long ago paid many billions in fines for killing the Rawa River and for the toxic waste dumps around the Kalin Reservoir: The value of the entire output of that enterprise is much lower than the fines imposed on it over the years.

If room is found for innovative proposals in a future system of environmental protection legislation, this would mean the birth of our ecopolitics, economists say.

YUGOSLAVIA

Process for Selecting Army Generals Detailed

90EB0305A Belgrade OSMICA in Serbo-Croatian
1 Feb 90 pp 14-15

[Article by Borislav Vasic: "How To Become a General; No Civilian for Commanding Officer"—first paragraph is OSMICA introduction]

[Text] Can a civilian become federal secretary for national defense? Are generals "tracked" for selection? Do we want generals without red party membership cards? We asked for answers to these and other questions about the highest ranking officers in the JNA [Yugoslav People's Army] during a interview with Major General Gojko Krstic of the Personnel Directorate of the FSND [Federal Secretariat for National Defense].

The secret of a general's stars—the personnel policy of the military's top brass—is regarded by the public as a subject about which there is "discrete silence" in the Army. Somewhat accustomed to official announcements of promotions, accompanied by a short biography full of superlatives, we have concurred in the mystification of the "general track," and against the background of retirement and new appointments we have demanded additional "reasons and motives."

"These questions have never been a taboo subject for the public. Public interest in the JNA, and thus in its cadre policy, is currently growing. We are and have been prepared—even interested—in providing all explanations and answers," was the first reaction by Maj. Gen. Gojko Krstic, who together with a group of officers from

the Personnel Directorate of the Federal Secretariat for National Defense, agreed to an interview with OSMICA.

There is no doubt that the additional interest is intensifying a series of new developments in our political life, which is reflected in part by the mechanism for selecting the highest ranking officers in the JNA. The replacement of a generation of high-ranking officers who took part in the People's Liberation War with young cadre who completed their highest level of military training in our schools and at schools abroad, is practically complete. The majority of the 55 veterans of the war (21 generals, 33 officers, and one junior officer) who were still in military service on 1 January of last year are now retired. Public debate concerning the selection of a civilian as the top person in the government's department for national defense is already under way, while it is impossible to ignore the question of how political pluralism would affect the composition of the professional army.

The principles of cadre policy in the JNA are set out by the Constitution, the Law on National Defense, and the Law on Service in the Armed Forces. Based on these laws, the social community establishes the "rules of the game," while concrete questions of personnel policy are dealt with by the organs of the armed forces and, in the most important matters, the Presidency of the SFRY. In concrete terms: The collective head of state and supreme commander of the JNA appoints colonels to the rank of general and admiral and promotes them. The influence of the republican and provincial leadership is felt only on the level of commanders of territorial defense for their area. In practice, decisions are made through consultation in the FSND, while the organs of the republics and provinces do not participate in other decisions concerning the JNA, nor is such participation even provided for by law.

"The Presidency of the SFRY does not have special organs that deal with cadre policy in the JNA; rather, it uses the FSND as the competent organ, authorized to propose concrete decisions. I want to stress that in practice thus far, the Presidency of the SFRY has never rejected, disputed, or changed any proposal by the federal secretary, who proposes promotions to the highest ranks before the command structure of the JNA. Of course, specific consultations are carried out in the course of preparing these proposals," Maj. Gen. Gojko Krstic emphasizes.

The selection of the federal secretary for national defense is a matter decided by mandataries, or, in current practice, the president of the FEC [Federal Executive Council] and the structures of the JNA have reached optimal decisions without public politicization. Since all postwar Yugoslav ministers of defense have come from the ranks of professional officers, the military hierarchy has been held in esteem, and the duties in question have been assumed by generals with the most stars—colonel generals or generals of the army. What will happen if some future premier wants the defense department in his cabinet to be led by a civilian? This possibility is not

ruled out by the FSND, although the view there is that such a decision demands a fundamental constitutional transformation of the role and authority of the FEC and of the FSND itself.

"In our system, where the FSND is just one of the secretariats of the FEC, where the federal secretary is directly responsible for the armed forces, I think that there are no illusions about the possibility of his being a civilian. This could be discussed only with new constitutional decisions. The implicit implication here is that the FEC would have to have a classical government function and that the FSND would be transformed from a secretariat into a ministry. This means that the question of selecting a civilian is not an issue demanding an Army position, but rather a problem linked to the reorganization of the Federation's organs," says officer Gojko Krstic.

Without doubt, such a decision also involves the question of the specialized competence of someone without professional experience handling a department that in today's world demands top-level knowledge of contemporary strategy, tactics, and the capabilities of contemporary arms systems. In an age when we are becoming increasingly politicized, one could also raise the question of the ethnic affiliation of the hypothetical civilian minister. An increasing number of officers in the JNA are ethnically designating themselves as Yugoslavs, which is also the ethnic designation of the current federal secretary, Veljko Kadijevic. While two to three percent of the officers in the JNA were Yugoslavs during the 1970's, in recent years, this figure has risen to between 14 and 16 percent. This trend is not due to any JNA internal policy, but rather to personal decisions, motivated primarily by the increasingly conspicuous interethnic confrontations on our political scene.

The number of generals in the JNA is regarded as a military secret, although in response to our queries the FSND provided us with interethnic military statistics, according to which generals in the JNA comprise less than 0.5 percent of the total number of active members of the armed forces. Compared to other armies, we fall in the group with the fewest generals, together with Denmark and Poland, while France and Italy have the most generals in Europe—1.3 percent of the total number of professional military officers. That is the current figure, but it should be noted that since the war the number of generals in the JNA has continually fallen. This number depends on the training positions open for the rank of general, but they are often occupied by colonels, due to the situation, regulated by the relevant legal ordinances, whereby preparations for a promotion to the rank of general take longer than is the case in other countries.

How do you become a general? There are two significant transitions in an officer's career: from captain, first class, to major and from colonel to general. In order to negotiate this staircase successfully, one must also pass certain examinations, which ensures the continuity of the ongoing education of JNA officers. The Law on

Service in the Armed Forces establishes the conditions that a colonel must satisfy in order to be promoted to the rank of major general, and they are: age, level of official appraisal, duties that have been discharged, success in schooling, knowledge of foreign languages, health status...

The exclusive right to nominate candidates is held by the commanders of military districts, Air Force and Air Raid Defense, the republican staffs of Territorial Defense, and the leaders of the sector of the FSND. The nominations are considered by the Cadre Commission of the FSND. With the approval of the federal secretary, the preliminary list is drawn up by the Military Council, after which the federal secretary verifies it. Candidates from the approved list can be appointed to a vacant general's position through decree by the Presidency of the SFRY. Who will be appointed is based on the examination for major general. The subjects for the examination, taking into account the affinities of the candidates, are ultimately determined by the General Staff of the JNA. The examination for general in the JNA is equivalent in significance to a doctorate of science.

Some individual generals in the JNA—those who are involved in medicine or legal studies or are leading authorities in technical sciences, are doctors of science in their field. Of the subjects, 90 percent are from the area of military studies, most commonly strategic research in which the FSND or the Center for Strategic Study of the JNA is interested. This is followed by subjects from the area of the development and prospects of armed forces, while the smallest number is from the area of social sciences and political topics.

The tendency to look after the Army's cadre of generals who will make up highly educated public figures also steers individual officers towards foreign military schools and their postgraduate forms of education. Diplomas from foreign military schools are validated and recognized in our country.

Political pluralism is surely the demand of our times. This social commitment was expressed by the delegates to the uncompleted 14th extraordinary congress of the League of Communists. As was expressed at the last Congress of the League of Communists in the JNA, the Army is not entering into the new stage of our political life with enthusiasm, which is primarily motivated by negative experiences in the past. There is fear of a struggle for power on a national and nationalistic basis, separatist programs, religious conflict, ideological confusion, and so on. Practice has already shown that such anxiety is not unjustified—in its first wave, the opposition has offered a multitude of nationalistic programs, while Pan-Yugoslav programs are scarcely discernible.

It is under these circumstances that depoliticization is being held out to the Army, and it is eliciting very sharp reactions. The champions of these ideas are accused of wanting to separate the Army from society, offering it imprisonment in the barracks and "silencing."

Since 1953, when political commissars were abolished, the JNA has not had professional politicians in its ranks. Nevertheless, it is impossible to ignore the fact that membership in the LCY is treated as an expression of a positive political orientation and as proof of patriotism. Nearly all high-ranking officers in the JNA are members of the LCY; as a rule, generals and admirals have, besides their military duties, a number of party duties in their biographies as well.

"We have no political professionals. We have developed our cadre as officers of the JNA, and many of us have performed various duties, including political ones. We have the principle of spiraling—not vertical—leadership of the cadre. All officers perform various duties, command, operative, educational, as well as party-oriented. For us, this gathering of knowledge and experience is an advantage, and provides greater personal breadth in the execution of our responsible command duties. Not one of our officers has advanced from lieutenant to general while functioning exclusively in the Organization of the LCY in the JNA. These duties are generally evaluated

and ranked within the framework of general career advancement—a party function is neither a 'plus' nor a 'minus,'" Maj. Gen. Gojko Krstic notes.

The Army expects that the framework of pluralism being espoused at the FSND, whereby there cannot be a "river without shores," will take a more definite shape, and that the basic rules of the political game will have to be defined and respected. If it does not accept depoliticization, the Army will curtail the activity of the party in its ranks with three "noes"—to nationalism, separatism, and anticommunism. This means that those programs that are Yugoslav, aspire to progress, and defend the interests of all the republics and provinces and all nations and nationalities would gain political legitimacy within the JNA. Moreover, the question of whether in the future we want to have generals without red stars or with party membership cards of a different color depends not only on the Army, but first and foremost on the programs with which the new parties will enter onto the Yugoslav political scene.

CZECHOSLOVAKIA

Past, Future Industrial Organization Changes Discussed

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[Interview with Eng. Jiri Bilek, assistant to the deputy minister for economic development from the Ministry of Industry of the CSR; Eng. Jaroslav Dusek, economic deputy to the minister from the Federal Ministry of Metallurgy, Engineering, and Electrotechnical Industry; Eng. Josef Marysko, economic director of the Elitex Enterprise at Liberec; Eng. Jan Porizka, economic deputy at the Preciosa Enterprise at Jablonec nad Nisou; and Doc. Eng. Jaroslav Vostatek, candidate of sciences, general secretary of the Economic Council of the Government of the CSSR, by Miroslav Kana; place and date not given: "Rigidity Is Slipping Away—On the Current and Coming Changes in the Organizational Structure"]

[Text] The restructuring of organizational structures in our industry, which was accomplished last year and the year before, was supposed to bring about a breakup of those economic production units which were only administratively patched together. Moreover, the birth of a larger number of enterprises was expected to create, at least in some locations, a competitive environment in place of the monopolies in production and in commerce. (The organizational arrangement was the subject of a roundtable discussion entitled "Object of Dispute: Is the Economic Production Unit an Enterprise?" which was published in HOSPODARSKE NOVINY, No 41, 1987.) However, this was only some kind of a game. There were many applications to establish a state enterprise, but comparatively few state enterprises were actually established. Large entities were retained even where this is not desirable, a number of economic production units simply redesignated themselves as state enterprises. In some areas, contrary to all intentions, the organizations in fact actually grew larger and the results are not fulfilling expectations. The transition to a market mechanism, however, demands the establishment of a competitive environment and the elimination of monopolies as an essential prerequisite. Consequently, this question has once more found itself on the agenda and that is why we, too, are returning to it at this time.

[HOSPODARSKE NOVINY] In the rules for separating internal organizational units from a state enterprise, according to the Resolution of the Federal Government No 413, dated 1989, I was surprised to see that the founder can make the organizational unit independent or incorporate it into another state enterprise without one or another enterprise approving this. It seems to me that the organizational structure is more one for enterprises rather than for the government.

[Vostatek] Let us consider all of this to be a temporary measure into which we were manipulated. We simply took over such a system of management, effective 1

January 1990, which was trying to transform itself into a system of self-administration and yet a number of elements of the old bureaucratic system persisted. However, bureaucracy does not go along with self-administration and, moreover, in and of themselves, both are very inefficient. The fundamental problem lies in the fact that the existing law on state enterprises does not reflect the requirements of future development in terms of its economic concept. Perhaps I am saying this in too general a manner, but what is specifically involved is the fact that an enterprise which is self-administered cannot be an efficient enterprise. This is true in a situation where such enterprises predominate in the country.

[HOSPODARSKE NOVINY] I believe that in the functioning world economy there is no self-administration as it is conceived in our law on state enterprises. But it was presented to people here as something which will make it possible for them to participate in management.

[Vostatek] Self-administration is certainly acceptable in a number of cases, provided there is an adequate overall economic environment. But the latter cannot be governed by the idea of self-administration. Such a situation came into being in practice particularly in Yugoslavia where, as a result of it, inflation is greater than inflation in advanced or semiadvanced capitalist countries and unemployment is greater there than in Western Europe. All of this is a product of a self-administrative system of management. Our model of management, such as it is contained in the law on state enterprises, was heading toward something similar. Moreover, it contained elements which were intended to temporarily preserve the central bureaucratic management. There were even efforts to prevent the state from intervening, particularly in the organizational structures.

[HOSPODARSKE NOVINY] So that this role was transferred to the founder. But the enterprise does not care much who intervenes and will basically be opposed to it if such intervention occurs.

[Vostatek] There was no one else to whom this role could be transferred. After all, the state cannot simply abdicate its responsibility for its property. State enterprises are its property and so the state must act like an owner, even though it may do so with restrictions. But the valid law on enterprises is conceptually drawn up as if the state more or less did not want to behave like an owner. Basically, this is an economic irrationality. However, because self-administration cannot be the fundamental principle behind the functioning for a majority of enterprises, Government Resolution No. 413, which permits the state to make incursions into the organizational structure of enterprises, became a necessity.

[Dusek] The transformation of the organizational structure and the creation of state enterprises to function in accordance with Law No 88 was made more difficult in a number of instances by the knowledge of what was awaiting us effective 1 January 1990. Where a state

enterprise was established in accordance with Law No 88, it was virtually impossible to effect any kind of organizational change. But the founder was supposed to see to it, through his activities—through the establishment of additional enterprises or rendering their components into independent units—that he increased his offerings in a given sector, that he motivated one side of the structural changes. I consider the present status, when a founder is entitled to undertake certain organizational changes, as an improvement. But despite the fact that I consider this empowerment to be rational, it cannot represent a permanent solution.

[Marysko] I would add to what deputy Dusek said. Our state enterprise came into being on 1 July of last year and consists of a number of concern enterprises so that it can be said that, to a considerable extent, it copies the former economic production unit. We were aware from the beginning that the law on state enterprises, particularly from the standpoint of legality and independence, does not make it possible for our enterprises to develop in a manner which would be required for the future. That is why, after electing the director and after establishing the workers' council, we immediately prepared a proposal as to how the enterprises could attain economic independence. At the end of last year, we worked out a financial projection which will facilitate this independence during the course of this year. We await a new law on enterprises. On the one hand, the status under which the units which are independent both from the production standpoint as well as with respect to basic organizational and economic ties are virtually non self-administering units is impossible. On the other hand, I believe that the integrity of textile machine producers has its importance and should be preserved, perhaps in the form of a joint stock company.

[Porizka] We have been an independent state enterprise since 1 February after the Jablonec Costume Jewelry Co. ceased its activities as a state enterprise and 13 independent state enterprises came into being. We were trying to become a state enterprise since 1988, but the economic production unit at that time redesignated itself as a state enterprise and our efforts came to naught. The decision to become independent fulfilled the requirements of our enterprise. But we immediately found ourselves, to a certain extent, in a similar situation as the former state enterprise—we are compelled to solve the management of our plants, some of which are quite large.

[Bilek] In the first phase of changes in the organizational structures, which took place last year and the year before, we reached a stage in which the general directorates were eliminated. In some cases, economic production units became state enterprises, in a few cases state enterprises were established on the basis of individual plants. In other words, there was no specific progress forward. The activities of the experimenting enterprises were increased particularly—enterprises where the restructuring of the organizational structures was undertaken very early. Currently, according to Government Resolution No. 413, the founder can proceed even with official

power. I do not believe that action will be taken against the will of the working collective, whether it wishes or does not wish to achieve independence. As long as a bilateral rational solution is not found, clarification must be sought as to why a unit should or should not be constituted as an independent whole. We shall be reevaluating the organizational structure at the Ministry of Industry as the market conditions are created. I believe that the creation of a market situation for some sectors in the consumer industry will be possible sooner than in other sectors. We have identified some fragmentary markets which we consider to be representative, we have identified some enterprises which function within these fragmentary markets, and we are calculating the magnitude of the offerings as well as the demand in these markets. Using these basic data, we shall judge which enterprises should be broken up or not broken up and how this is to be done, taking into account efficiency, self-financing, and possibly also deciding in which partial domestic markets we should support the competition of foreign firms.

[HOSPODARSKE NOVINY] The long years of experience involving redistribution, being ordered about, or suffering incursions into the internal affairs of organizational units will frequently lead them to striving for independence, come what may. The plant will want independence and will justify it, the enterprise, on the other hand, will not agree with separating a unit and will justify that position. And I believe that no ministry has sufficient manpower or information to be able to examine everything in detail and to evaluate it.

[Bilek] A discussion between the ministry and the organization requesting independence should serve to clarify the various positions with regard to what is more efficient while trying to create market conditions. We consider this as the first step which we are counting on by 1 April when a larger group of new enterprises is expected to come into being. In the subsequent phase, we wish to deal with privatization. Under certain conditions, it would be more advantageous for some enterprises to strive to utilize foreign capital for their development. Then, they, naturally, will no longer be a state enterprise, but, for example, a joint stock company—an area in which we also anticipate an amendment of the law.

[Porizka] Engineer Bilek spoke of market analyses. This concerns us because, with respect to a number of commodities, we are a monopoly producer for the domestic market and, in some areas, we have only a single world competitor so that, in establishing our enterprise, we were confronted by the question as to whether our plants should not immediately separate themselves from the economic production unit and actually create market conditions in this manner. We believe that this must be carefully analyzed and evaluated so that it is not overdone under the pressure of atomizing the industry and in an effort to create a market and that it does not cause more harm than good. Even in the market mechanism, enterprises will be larger than, say, 100 employees. Only because someone employs 1,000 or 4,000 people is no

reason to change the organizational structure. It is necessary to analyze not only the domestic market, but also the standing of our producers in the world market and the development of their competitors, including their size, and to consider what can be achieved by further breakups. Other forms of enterprise ownership will be important. I believe that state enterprises will be in the minority in the future. Joint stock companies or mixed enterprises will spread. The right of the founder to create independent units by directive should be subjected somehow to restrictions for some time. In the euphoria which will now last for a time, a number of collectives can raise their hands and say they want to become independent and it could happen that this would then influence the function of the enterprise itself. Therefore, I recommend this limitation on the possibilities for the ministry to make incursions.

[Dusek] I see the causes and reasons for the development and existence of an independent enterprise somewhat differently. We cannot accept the efforts of an enterprise to keep a structural unit for itself by claiming it needs a more efficient plan for redistribution so as to render the entire operation more efficient. What we are more interested in is the effort of an enterprise to change the structure or efforts to export or provide better supplies to the domestic market. The internal relationships between units—even if we wish to know the revenue situation—are taken by us as the second criterion because the prices, levies, and taxes are today only temporary measures. Before the capital market can function and bring additional forms of organization to the production-technology base, the assistance of the founder as well as the other organs of the economic enterprise center will be essential.

[HOSPODARSKE NOVINY] State enterprises based on former general directorates, say Elitex, understandably strive to retain their whole entities and there is talk of the necessity to preserve the integrity of operations and this argument is truthful. However, even enterprises which wish to separate are right because someone else is perhaps living at their expense. Moreover, after the establishment of state enterprises based on former concern enterprises—let us say, Preciosa—they no longer feel that smaller units should separate and tend to use the same arguments as once used by the general directorates—that excessive splintering is harmful, etc. How then should a decision be made as to who can reliably say that this enterprise should be objectively larger or smaller?

[Vostatek] There is no general answer. It must be specific, in accordance with individual branches and markets as well as with regard to the timing of the arrival here of foreign competition. In other words, first we must merely see ourselves in this context. Second, we must look at enterprises and the state somewhat differently in the future. For the time being, the enterprise stands in opposition to the state to a considerable extent. The state tends to order the enterprise sphere about and

this caused aversion. But in the future, ownership structures will begin to change and the importance of private and foreign capital will increase considerably. This in itself will have an influence upon solving the organizational structures.

[HOSPODARSKE NOVINY] Nevertheless, the state sector will remain.

[Vostatek] Yes, but the problem will surface on another level. The enterprise will not be sharply in opposition to the state and the state will not act as a bureaucratic authority over the enterprise. Also, the state will have to find suitable methods for managing its enterprises, methods which differ from those in use thus far. Perhaps representatives of the state—and, for example, of scientific institutions or banks—will be seconded to enterprise organizations to work alongside representatives of the workers. We propose that half the organization's membership be representatives from the enterprise, and half representatives of the state. In these enterprise organizations, people from the enterprise and representatives of the state will have to agree on the strategy of development. It will no longer be a case where someone from the ministry will order an enterprise about. The official from the ministry will meet with representatives of the bank and with enterprise employees in the oversight council or the enterprise council and they will be equal to each other there. Then, I believe, another situation will come into being. The bureaucrats will not fight the enterprise economists so as to take away the maximum values from them and, on the other hand, enterprise economists will have to think differently. They will be more interested in the maximum profits for the enterprise rather than how to cheat the central authorities to the maximum extent possible.

[HOSPODARSKE NOVINY] What you are saying, I believe, is acceptable without reservation some time from now. But efforts to expand exist today. A little while ago, in your antechamber, deputy Marysko from Elitex was saying that their efforts are aimed at preserving a certain connection between enterprises. However, the enterprises are not inclined this way. This does not pertain to Elitex, but let us take it as an example.

[Marysko] I will be more precise. This situation is a result of the economic policies of recent years when Elitex, which is among the key organizations from the standpoint of creating resources, was subjected to a nonsensical obligation to pay levies to the state. Naturally, this was manifested in the tense relationship within the former concern. We are attempting to find a joint path with the enterprises in the new arrangement. However, we want to clearly be done this year with the existing structure of the state enterprise which does not reflect the new economic conditions and preserves the former administrative system of management.

[HOSPODARSKE NOVINY] So, do you want a connection between the enterprises or not?

[Marysko] We do, but in terms of the efficient relationships of the entities. One cannot forget that the decisive economic contributions made by the textile engineering industry were based to a considerable extent on its integrity. Therefore, I think, that we must find a new form of maintaining this integrity and perhaps increasing it. As far as the actions of the marketplace are concerned, Elitex exports all of its final production, so that it has been operating for many years under market conditions. It is only necessary to find a way to change the central management link, which was the extension of bureaucratic management in the past, into an image of the new efficient relationships so that the interest of all individual entities in final results would increase. It will be necessary to optimize production management and influence it, but not through the form of directives, but rather through the participation of all those interested in final results.

[HOSPODARSKE NOVINY] However, this does not answer the question. Is there a conflict of interest between the desire to separate and the interest not to permit that? On the basis of what are these decisions made?

[Vostatek] My views are fairly general. I base them on the fact that a clear precise and specific rule cannot be stated.

[HOSPODARSKE NOVINY] But many requests to establish a state enterprise will have to be judged and decided upon in the immediate future.

[Vostatek] Yes, decisions will have to be made. The decisions will, of necessity, be quite subjective—something we will talk about. It cannot be otherwise. However, let us not expect that a structure which will be valid for, say, 10 years in the framework of the state sector will now come into being. Rigid structures cannot succeed in the marketplace. Let us consider that, perhaps next year, individual enterprises will be reevaluated as to their efficiency. If they are efficient, there is no need for the state to intervene and mainly for the government to intervene, but in the event that the state enterprise is not efficient its further fate will be judged and decided upon and, for the most part, this will mean some kind of reorganization.

[Bilek] At the ministry, we currently have about 60 applications for the establishment of new state enterprises and we anticipate the arrival of about as many more. By the end of the first six months, the overall number of enterprises in our country could reach an estimated 300 in place of the present 130. And we have applications from enterprises which are currently incorporated in state enterprises, enterprises which have come into being from economic production units and applications from plants as well as operating establishments. Some applications are contradictory, when the plant desires something other than another plant or enterprise which is currently an intraenterprise unit.

[HOSPODARSKE NOVINY] The situation is such as I have said. And you must somehow solve it and make the decisions.

[Bilek] In doing so, we are striving primarily to follow the development of the market and, therefore, we wish that a number of enterprises would split up. If we reach the opinion that the separation, say, of a plant is not purposeful, we shall try to explain to this entity that there are reasons which mitigate against the move—perhaps the shortage of resources. However, we are aware of the fact that decisions by the central authorities without arguments and without agreement of views are problematic. Other than that, it is likely that a collective will prevail in prosecuting its independence. However, should market conditions arise, every new or old enterprise can easily determine whether it can remain alone or whether it will seek forms of integration. Everyone will feel the burden of independence on their own hide. The best argument for integration is the one which states that the organization is not capable of bearing the burden of independence by itself. It will surely take some time, economic or personal losses can occur. However, the final argument will be the growth of the enterprise and, in the contrary case, the decline of its organizational legal independence brought about by the actions of realistic economic life.

[Dusek] Today, we have 270 state enterprises of which about 30 are problem cases. They came about through the application of Law No. 88, when there was no other organizational legal form than to establish a state enterprise as long as we wished to maintain the integrity of, say, technical development. At the end of January, we invited these problem enterprises to a conference where we wanted them to propose their most rational organizational legal arrangements in the spirit of their respective production programs. As the founder, we do not want to impose any separations from enterprises or any division of enterprises by decree. We have about 60 applications from enterprises which wish to become independent; we anticipate that this year some 150 to 200 new state enterprises may be established.

[Porizka] Insofar as the cohesion of enterprises is concerned, much will depend on the form of management within the state enterprise. We talked with the directors of our plants and asked them what kind of activities they expected from us as a state? There were a number of activities with respect to which the plants decided that it would be better if a state enterprise undertook those activities. Currently, we already have the skeleton and are preparing the organization of the management link. We are transferring a number of activities to the plants, including their organization. Right now, we are seeking solutions to the relationships in the economic sphere. Here, we shall have to conduct ourselves in the same manner in which the state conducts itself toward us. This means the introduction of categories which were not applied with respect to plants—in other words, levies, taxes, subsidies.

[Dusek] Let us consider also the forms of integration which will be different, say, at Elitex and different still at Chepos. This means solving things on a case-by-case basis. First of all, we are making efforts to simplify the profile of engineering—in other words, to go into sectors which have a chance to succeed in a competitive environment. Second, what is involved is the evaluation of the opportunities for development of programs in these enterprises. The revenue situation is, however, only a supportive argument which shows whether we shall have to assist the state enterprise after it has been established or whether it can manage on its own. For example, we have an enterprise in the consolidation program; it is made up of four structural units which do not have overly close cooperative ties. By separating them, three enterprises come into being which are capable of their own existence immediately and one which is a problem. Then it is not necessary to make it impossible for the three good ones to be entrepreneurial and to compel them to combine into a losing entity. Our assistance will then be concentrated only on the one enterprise to eliminate the causes which bring about poor results. This does not occur anonymously and the losing enterprise understands that no one will join it and that it cannot hide behind a good enterprise.

[HOSPODARSKE NOVINY] The requirement to be able to self-finance was one of the fundamental ones last year and the year before in determining whether to establish a state enterprise or not. Do you now want to establish even money-losing enterprises?

[Dusek] In the first quarter, we are proceeding in accordance with Law No. 88 and Government Resolution No. 413. During this period, what is involved is the identification of units which are capable of self-financing. In the second quarter, some large state enterprises will separate and others will come into being which are not capable of self-financing. Then we have the opportunity to solve the problems of these money-losing enterprises either by amalgamating them with others, incorporating them in other enterprises in view of their production and technological connections, instituting consolidation programs, or even imposing direct administration.

[Bilek] Management by edict was introduced in our economy relatively quickly. The transition to a market economy will be much more complicated and take a longer time. The reevaluation of the organizational structure will also be complicated. We are currently undertaking the second wave of changes under conditions when some economic instruments have not been solved with finality. This means that what is created today will require additional changes. Naturally, this is connected with the ability to self-finance on the part of the new state enterprises. It will clearly not be possible, however, to reach the conclusion that we shall not establish a given enterprise if we find that the enterprise is not capable of self-financing. These prerequisites are based on calculations which do not necessarily have to be applicable a week from now. As early as the first phase, several state enterprises came into being which had a

consolidation program from the start. In this program, the causes for shortcomings in terms of resources were identified. A similar situation will obtain now. It is probably not possible to draw any overly categorical conclusions from the level of self-financing which exists currently, but we must recognize the situation well and see whether the enterprise and the sector have a chance of finding a place in the market and whether people are capable of being entrepreneurial.

[Vostatek] The organizational structure has an overall financial connection with the system of management. If an enterprise is separated into several enterprises, it is natural for its development, but also its wages to be closely monitored and regulated. In other words, no special advantages are prepared for newly arising enterprises as a reward for their separation. For example, in the future, the regulation of wages will have to be systematically dismantled. Even other revenue and finance relationships will be freed up. We will be getting into a situation where the state will have to approach its individual enterprises in a differentiated manner. It will appear as though we are returning to the old situation. The state will have to base itself upon the nature of the enterprise, on how that enterprise can develop in the future—with the difference that in the past the state approached this problem, to say it simply, by implementing redistribution in accordance with how things came out or how someone guessed things were. A certain amount of redistribution will remain for the future also, but the approach will be different. Short-term redistribution can be accomplished in favor of money-losing enterprises, but we cannot allow them to exist comfortably in the deficit mode. If the enterprise does not improve, it will be transferred to another or sold or its property will be transferred. Generally speaking, the division of today's state enterprises into inappropriately small units should not be an advantage for them in the future.

[Dusek] You have touched upon an important moment which is typical for the present, which is the responsibility of the economic central authorities or, in this case, the founder, for the state enterprise. We must first recognize why the enterprise is not capable of self-financing or why it is a deficit enterprise. In a number of instances, we are dealing with actual shortcomings within the enterprise, be it an unclear production program or insufficient intensification. It can also be price deformation. Perhaps the 4.5-percent profitability, which is anchored in the prices, reduces the production of engineering consumer goods in a number of cases to the point of inefficiency. A cause can also lie in the unsuitable assortment, in undemanding exports, etc. Then we know the starting point—to change the assortment, to introduce innovation, to impose a consolidation program to help the enterprise. I believe that it is not possible for the economic central authorities to keep their hands off enterprises which are in difficulties, irrespective of whether this occurs during the restructuring of the organizational structure or during operations in the current mechanism of management, which is

a compromise. Therefore, 1990 is also a year in which the central authorities will have to render essential aid to enterprises.

[Bilek] State organs will also have to act in an entrepreneurial and "break-through" manner. It is not possible for the authorities to continue to act bureaucratically, even though this conduct may be partially enlightened. I recall the book "Democracy Today and Tomorrow" by Edvard Benes, which contains a chapter on a modern bureaucracy in a democratic state. In it, the author states that as early as the first republic, the state administration and the bureaucrats in the central organs were one of the factors acting as a brake on democracy. Understandably, this applies to a much greater extent today. The state administration cannot conduct itself in the same manner as it is conducting itself today. It would be very necessary to identify and utilize methods and ways of action on the part of state organs in developed market economies, for example, in Japan, including the educational level of state administration workers and their standing.

[Marysko] Your words have given me second thoughts. The contribution to society made by the export of textile machines has been abnormally high in the past, but state officials took this to be self-evident, once and for all, without taking into account any kind of connections. They are frequently alienated from life in the enterprises. It is true that a number of things were accomplished by tough centralistic management—various ties between concern enterprises were decreed. In many instances, we actually committed violations against the collectives of workers. This led to unfavorable opinions in the collectives with respect to this type of management and its representatives. That is why we have to evaluate the views of people in collectives differently and give them room to apply their creative approach. A direct share in ownership will certainly help in this direction. But we should explain to people that supraenterprise management does have its logic in some cases as well as in the future. If I stay with our own enterprise, I can say that Elitex maintains its position in many a market only as a result of its greater economic strength; otherwise, someone would oust us. Therefore, we want to suggest to our enterprises that we shall carry out highly efficient services for them and find ways to arrange capital relationships in the new image.

[HOSPODARSKE NOVINY] Let us stay with the thoughts of Engineer Bilek. He said that we are beginning to change the organizational structure for a second time without being familiar with the instruments. I frequently hear the argument that organizational structure should come about as a result of management. Last year and the year before, a start was made with the structure also and the results were not the best.

[Bilek] We do not have an economic mechanism and we are again reorganizing. I believe that the reorganization of the structure is now ongoing under pressure from below, which is a reaction to the previous halfway

measures and is being combined with personnel problems. The intertwining of interests to become independent is quite complicated. I do not know whether one should have begun with the structure. But it is also not such a shortcoming. Let us consider that changing the organizational structure is a permanent process in which we now have certain target dates set by the government resolution, but which actually involves a process of coming into being and declining of organizations in a manner which is current in a market economy. Right now, it is still only a campaign, but, in the future, it will be a normal process which will develop in accordance with the development of the management mechanism and all of the components of the market.

[Vostatek] I possibly see things a little differently. I believe that we know what we want in the management system—a market mechanism. Of course, we know this today in a very general manner and still lack precisely outlined individual phases with respect to a market economy. However, we want a market economy and do not want to invent some kind of a new system of planned management of some kind of socialist economy. That is why I say that we know what we want. It is essential for the organization of which we speak here to be accomplished this year, so that a beginning can be made in the first quarter. A component of the transition toward this economy is the specific demonopolization of existing structures and it must not be tied to a knowledge of the individual phases of the transition toward a market economy. The previous government left us with entire branches of the economy which were highly monopolized. Even though there was a theoretical effort during the previous wave of reorganization to create independent enterprises which would compete in accordance with their possibilities, the results were completely different. This must change and must change soon.

[Dusek] The prosecution of any kind of changes in production programs is very complicated as long as the organization which gets into difficulties with respect to utilizing the production has, say, 150,000 people. The inertia involved in sticking with a production program is so great and the economic pressures of declining sales are so mediated that changes in the structure come late and cost billions. In a number of instances, we must separate units which are immediately adaptable to the changing conditions from large entities. The relationship of the founder becomes a horizontal relationship of motivation with respect to entrepreneurship. However, the prosecution of interests of the large enterprises, which was known as protectionism over the past years, is also ending.

[HOSPODARSKE NOVINY] I have left the size of enterprises as a criterion for success and independence till the end. On the one hand, specialists state that enterprises in this country are far too great and they document this by comparison with foreign countries; on the other hand, others claim—primarily the large ones—that they can better prevail in the world this way and argue that giants like Siemens in Europe, Bata in

Canada, or General Electric in the United States of America tend to prove this. Arguments also claim that the world is heading toward integration, which is discernible particularly in the automobile industry. On the other hand, there are economists who cite the examples of firms employing several hundreds or a maximum of a few thousand individuals which are well-known throughout the world and compete successfully—say, the Italian Mandelli producer of machine tools or the Danish firm of Bruel and Kjaer, which produces measuring instruments. To what extent does the size of an enterprise, measured in terms of its employees, play a role in the establishment of additional enterprises?

[Vostatek] The number of employees is an important parameter, but in the market economies those giants are divided into individual and essentially independently managing units. Although they are mammoth entities, they are striving for a high degree of independence on the part of their enterprises in the interest of efficiency. We must take this into account. Then it is also necessary to consider a specific approach in external economic relationships. More precisely with respect to opening our market. If we are able to open our domestic market very quickly, then we can also afford the luxury in this market of a large enterprise in our country...

[HOSPODARSKE NOVINY] ...which will have competition from abroad?

[Vostatek] Yes. But we cannot simply solve this problem by saying that we want to have a large enterprise so it could compete with a large enterprise in the West and, at the same time, not open our market and, moreover, within the framework of this large enterprise of ours, not actually undertake some decentralization.

[Bilek] I will follow up. In the consumer industry abroad, small enterprises as independent legal entities predominate. But as a result of the influence of the fact that they have a developed capital market, their economic independence is very complicated because of various participations and capital shares. Although there is talk of an independent firm, it is, say, dependent on the bank for capital. Or it can be dependent on suppliers or consumers. The spectrum of their enterprises, therefore, insofar as the number of employees is concerned, is difficult to compare with ours. On the other hand, I believe that we constantly see only a uniform state enterprise, but the coming into being of the capital market and of joint stock companies and other types of capital associations will bring about a large scale of enterprises or entrepreneurial institutions which can be numerically relatively small, but will be economically interconnected into large economic systems.

[Marysko] The number of employees is actually a misleading parameter. In January, the free association of manufacturers of textile machinery was established and contains organizations even outside of Elitex. It could, thus, be statistically stated that this is a giant, but the

enterprises are not tied together firmly through organizational or management relationships. We established the association because it will represent a certain capital strength in the world. The new law on joint stock companies will surely bring about more such varied companies.

[HOSPODARSKE NOVINY] It would seem that the question of the organizational structure is assuming another position. Predominance is going to the requirement for independence in such a fashion that the initiative and offerings are supported and that a market environment be created in place of monopolies—which can only be welcomed. This requirement ends up being victorious even over the immediate ability to self-finance, something which can be accepted with reservations indicating that it will not long endure. However, one thing is becoming clearer: Many works exist on how to transform the capitalist market economy to an administrative form of management and there is a mass of practical experience and how-to-do-it material available. But the transition from a bureaucratic, administrative, and centralized management toward a market mechanism, involving a mass of market entities on the supply and demand side has, thus far, not taken place anywhere in the world. Consequently, it will be complicated to establish such an organizational structure which would permit the rapid and problem-free association or amalgamation of organizations or their separation. A specific and precise unified instruction on how an efficient enterprise should look in Czechoslovakia does not exist and no decision is correct ahead of time—it will be verified by the as yet to be built market.

POLAND

January Survey Reveals 'Myth' of Mass Private Factory Closings

90EP0481A Warsaw *RZECZPOSPOLITA* in Polish
23 Feb 90 p 2

[Unattributed article under rubric "Private Firms"]

[Text] Alarmed by the signals of mass closings of small firms the Ministry of Finance conducted last January a detailed survey in eight voivodships. The information and opinions were collected by voivodship offices, Treasury offices, the Ministry of Domestic Trade, the Ministry of Labor and Social Policy, and the Economic Chamber for Private Industry and Commerce.

The number of firm closings was especially high in Wloclawek City as well as in Suwalki Voivodship. In the other voivodships there were rather no mass deletions of firms from the registries. The situation in the Chelm, Kielce, and Wroclaw voivodships is similarly evaluated. In Tarnow Voivodship last January 114 firms were deleted from the registry but at the same time 149 new firms were registered.

In the opinion of the Ministry of Domestic Trade, in nearly all the voivodships a trend toward a periodic suspension of operations is rather observable. Calculations show that this solution is employed by 70 percent of the proprietors of the currently closing firms. Only 30 percent take the final step of a permanent shutdown. Suspension of activities is implemented "on the grounds of" furloughing the workforce, medical exemptions, inventory taking, reappraisal of assets, or repair. Most often closed are the establishments providing construction and repair services, tailoring services, vehicle maintenance and repair, and varnish services. A slump in taxi services also is being observed.

In some voivodships it is thought that part of the "deleted-from-the-registry service providers" are continuing to operate but on an illegal basis.

The most often cited reasons for the closings of firms are: high taxes, the new tax on wage increases, the substantial increases in the prices of raw and other materials and in rents, the uncertainty surrounding loan rules, the curtailment of demand, and the delays in invoice payments.

	Number of Firms Existing in 1989	Number of Firm Closings		
		Registered	Suspended	Total
Chelm	4,122	94	203	297
Jelenia Gora	12,200	358	400	758
Lomza	5,852	20	10	30
Szczecin	21,660	287	500	787
Suwalki	2,901	115	487	602
Tarnow	10,690	114	667	781
Warsaw City	44,880	578	895	1,473
Wloclawek City	9,090	358	727	1,085

According to the calculations of the Ministry of Finance in January a total of 18,100 craftsmen's establishments was shut down. At the same time, 22,400 new such establishments were opened.

But the craftsmen themselves view the situation much more critically than does the Ministry of Finance. According to estimates by representatives of the Central Union of Crafts and Trades, by mid-February a total of 20,000 craftsmen's establishments was permanently shut down in this country, while an additional 50,000 suspended their operations. In the opinion of a vice chairman of the National Economic Chamber of Private Industry and Commerce, the situation of private establishments is worsening. Already last year they had depleted their sinking fund allowances. In proportion to the expensive credit, liquid capital should increase by a factor of 10, but this is not feasible for a majority of firms. Hence also the larger plants with a high turnover

remain solvent, but these account for only 10 percent of the crafts and trades industry. A particularly difficult situation exists as regards those private firms which had made substantial investment outlays in the preceding years and which are now becoming bankrupt owing to the credit squeeze—the high interest rates.

Late February 'Cup' Enterprise Survey Results

90EP0510A Warsaw RZECZPOSPOLITA in Polish
16 Mar 90 p 2

[Article by K.B.: "Stabilization That Is Not Gratifying"]

[Text] A questionnaire survey of industrial and commercial enterprises, as well as banks, carried out every 10 days by the Central Planning Administration suggests, among other things, that in the third 10-day period of February of this year:

- The number of enterprises that lost creditworthiness increased (for example, four enterprises in Bialystok).
- The number of surveyed enterprises which did not increase prices for their products increased to three-fourths (previously 60 percent).
- The average time of posting a transfer in one half of the banks surveyed grew to between five and nine days.
- The enterprises are criticizing the blocking of no-interest funds for imports by the banks. At the present time, the enterprises are forced to use loans at high rates of interest and face payment difficulties.
- At 36 percent of the enterprises, the share of dividends in profits will amount to between 25 and 50 percent, and, at 33 percent of the enterprises, to between 10 and 25 percent.
- The number of enterprises registering a decline in output increased.
- An increasing number of enterprises court clients and step up their exports: The Zamosc Furniture Factory has taken up furniture restoration; the Aluminum Plant in Konin will produce aluminum pots and furniture; the Romet Enterprise will switch from mopeds to goods that are more salable abroad.
- The supply of slaughter animals, especially cows, exceeded demand. The calves are emigrating again but not through the Animex: This mode was suspended by the minister of foreign economic cooperation which, according to the questionnaires filled out for the Central Planning Administration turned to be a not-too-fortunate decision causing chaos and losses.
- As we have already reported, unemployment increased to 152,000 people.
- Vocational schools are discontinuing the admission of students. Work organized within the framework of the intervention fund is not popular.

March Commodity Markets Reported

90EP0509A Warsaw *RZECZPOSPOLITA* in Polish
13 Mar 90 p 2

[Unattributed set of reports on Polish commodity markets]

[Text]

Grain

A certain liveliness may be noted in the commodity markets. It is hardly a boom yet, but stagnation is undoubtedly over. Supplies are becoming more extensive with every passing week, and prices have been more reasonable lately.

Perhaps, the cheapest market was in Lodz. Strong wheat was initially offered at 920,000 zlotys per ton, but was finally sold at 850,000 zlotys per ton. Fodder corn was offered at 870,000 zlotys per ton, but a pickup [in price] in Rzeszow Voivodship scared the customers away. Oats and rye disappeared three weeks ago never to reappear.

On the other hand, in Katowice there was an abundance of oats. Fodder oats cost 800,000 zlotys per ton, seed oats cost 900,000 zlotys per ton, and so-called Dragon, 930,000 zlotys per ton. Spring wheat cost 1.1 million zlotys per ton, and fodder wheat 950,000 zlotys per ton. They tried to sell fodder corn at 1.05 million zlotys per ton.

At the Lower Silesian exchange in Walbrzych, wheat and rye mix was offered for sale at 650,000 zlotys per ton.

Flour

Flour has been getting cheaper in front of the stores and at the exchanges. In trade, there have also been reductions, but not everywhere. For example, in Katowice flour became almost 11 percent more expensive in the first week of March.

At the Alma-Wroclaw exchange, Poznan flour could be purchased for 2,106 zlotys per kilogram, pastry flour for 2,610 zlotys per kilogram, and pure wheaten flour for 2,520 zlotys per kilogram; so-called bread flour cost as follows: rye 320, 1,200 zlotys per kilogram; wheat 850, 1,620 zlotys per kilogram; and wheat 650, 1,863 zlotys per kilogram.

In Walbrzych, Poznan flour was selling for 1,956 zlotys per kilogram and Wroclaw flour for 1,880 zlotys per kilogram. Rye bread flour 720 cost 1,547 zlotys per kilogram; wheat 850, 1,604 zlotys per kilogram; and wheat 650, 1,700 zlotys per kilogram.

In Katowice, they wanted 2,600 zlotys per kilogram of rye flour.

For comparison, we provide "price quotations" from the stores. On Monday, Poznan flour cost an average of 3,350 zlotys per kilogram in Warsaw; in Katowice, 3,245 zlotys per kilogram; in Lodz, 4,850 zlotys per kilogram;

in Olsztyn, 3,450 zlotys per kilogram; in Rzeszow, 3,600 zlotys per kilogram; and in Szczecin, 3,350 zlotys per kilogram.

Paper

Paper has been slow in becoming a regular commodity. There is still little interest in trading on the exchanges, and brokers receive more offers than they have customers. Recently, even the number of observers has declined. Specialists maintain that this is due to price gouging. Experience has shown that direct import transactions are more advantageous than trading in the exchange in the case of large-scale purchases. Perhaps, in the future the situation will change to the advantage of both the suppliers and the customers.

Two exchanges have specialized in the sale of paper—in Krakow and in Warsaw. In Krakow, newsprint with reduced basis weight fetched 4.6 million per ton, domestic newsprint, category 5—5.6 million zlotys per ton, imported newsprint—7 million per ton. In Warsaw, Swedish newsprint is being offered at 5.5 million zlotys per ton, but as the brokers see it, the price is not final and you can bargain. In Szczecin, newsprint may be bought on occasion for 5 to 6.8 million per ton.

Offset paper was offered in the capital for under 8 million zlotys per ton; in Krakow, domestic offset paper was offered at 7 million zlotys per ton, whereas imported paper was offered at 11.5 million zlotys per ton.

Fanfold paper was offered in Warsaw at 170,000 zlotys for 2,000 sheets; in Krakow, paper for single-copy printers was offered at 393,000 zlotys for 1,000 sheets.

Wrapping paper was offered in Krakow for 3.6 million zlotys per ton. There was no interest on the part of retail trade.

Coal

Coal is sitting there; the buyers have disappeared. Brokers have been desperately seeking clients all over the country but to date their trips have not produced meaningful results. The coal exchange in Zabrze began operations on 1 February. To date, not a single transaction has been registered. The first purchases may be made this week; telephone calls from Poland, as well as one from the Netherlands, prompted the management of the exchange to make optimistic predictions. At any rate, the offers are varied, and prices range widely. However, for the most part the prices are quite high. The mines ask between 209,000 and 217,000 zlotys per ton of so-called cobble coal, mixed nut coal costs between 189,000 and 203,000 zlotys per ton, and pea coal between 176,000 and 189,000 zlotys per ton; also, there was a "retail" offer of 21.5 tons of nut coal at 130,000 zlotys per ton. Sludge coal was available at 107,000 to 113,000 zlotys per ton.

At the Silesian Exchange in Katowice, nut coal was offered at 157,000 to 175,000 zlotys per ton, and slugde at 106,500 zlotys per ton. No sales were made.

Wool

Along with construction materials, wool has obviously been faring well in transactions at the exchanges. Interest in it has been rising, and sales have been made increasingly often. Trading sessions in Krakow and Lodz are frequented the most. Prices have been falling.

In Lodz, the asking price is between 16,000 and 20,000 zlotys per kilogram of raw wool, and, in Krakow, 17,600 zlotys per kilogram. There also were wool remnants at 8,300 zlotys per kilogram.

Both domestic and imported spinning wool was offered at 40,000 zlotys per kilogram. In Krakow, yarn containing 60 percent wool was priced 65,000 to 70,000 zlotys per kilogram.

Woolen yarn was available in Krakow for 90,000 zlotys per kilogram.

Early March Prices: Initial Growth Followed by Small Drop

90EP0510B Warsaw RZECZPOSPOLITA in Polish
16 Mar 90 p 2

[Article by M.K.: "Lower Prices and Output"]

[Text] Given the current rate of change in prices, it is necessary to register them quickly. An electronic mail system started up at the Central Office of Statistics and connecting it with voivodship offices makes it possible to track the movement of the retail prices on a weekly basis.

At a meeting with journalists on 15 March, Deputy Chairman of the GUS [Central Office of Statistics] Krzysztof Lutostanski discussed changes in prices registered in March of this year as reported from 70 regions of Poland. The demand barrier already noted in January and February has effectively stopped the growth of prices. Compared to the last days of February, prices in the first days of March increased by 2.4 percent, whereas in the second week of March a drop of 0.8 percent was registered compared to the first week of this month. Prices for vegetables and early produce increased by 2.2 percent, for fruits and processed fruits by 3.4 percent, and for fish by 2.7 percent. A drop in the price of bread, by 5.7 percent, was registered (however, it increased by 56.2 percent in February), as well as in the price of raw meat by 0.7 percent and that of edible fats by 0.8 percent.

Many unfavorable phenomena which were registered in January and February will also occur in March—this is the thinking of about 200 directors of industrial enterprises who have responded to a questionnaire of the GUS on trends. They expect further reductions in output (smaller orders and cancellations of contracts by customers), the lengthening of the time of collection on the

accounts payable (payment delays), and demands to pay in cash or by certified checks which this entails.

These difficulties prompt those surveyed to seek customers aboard and to reduce prices. However, the GUS report makes no reference to looking for more up-to-date technologies or reducing the cost of production.

If the expectations of the directors surveyed come true, we should expect the product sales of socialized industry in the current month to decline compared to March 1989 by about 22 percent. This means a reduction in the rate of its decline compared to February by about 7 percent.

Correction: Retail prices for goods and services in February compared to February of last year increased by 1,266 percent, out of which those for foodstuffs by 1,709 percent, for alcohol by 1,128 percent, for nonfood items by 1,042 percent, and for services by 1,194 percent, that is, 100 percentage points less than we reported yesterday. We apologize.

Potential Bonds Issue, Market Discussed

90EP0478A Warsaw ZYCIE WARSZAWY in Polish
21 Feb 90 p 3

[Interview with Dr. Leslaw Paga, adviser to the Minister of Finance, by A. Wroblewska; place and date not given: "Capital at the Door"]

[Text] [ZYCIE WARSZAWY] Enterprises are issuing bonds and "licensed securities' brokers" are advertising in the newspapers. Does this mean that we already have a capital market in Poland?

[Leslaw Paga] Unfortunately not, because the pertinent legal situation has not been ordered yet. For the time being we only have the 1988 Law on Securities, which specifies many requirements for issuers of securities, but no one in Poland is competent to verify whether these requirements have been met, because that law has not yet established an agency for regulating trade in securities. So long as no such body exists, the securities' market remains chaotic. In most countries there exist special state commissions on securities, because wherever capital is available, there is considerable room for abuses.

[ZYCIE WARSZAWY] Does this mean that if I succumbed to the temptation of buying securities I would be defrauded?

[Paga] It is important for all buyers of securities to first peruse very attentively the company prospectuses. If they are unsure, they should ask a lawyer. A company which issues bonds must provide complete documentation for perusal, and that documentation should be demanded. One also should ask about profits, balance sheet, and dividends. If someone defrauds you, the matter wanders into a court. But the evil is already done, because most often this means loss of money. The commission which, I hope, shall be established should decide on permitting the issuance of securities on the

market and thereby accept, as it were, responsibility for that issuance. But for now anyone can print whatever he wants. Suppose that a reporter begins to sell bonds in return for a promise to publish the buyer's name in a newspaper. And suppose that some people will be susceptible to this offer. Who will investigate whether the reporter indeed can keep his promise?

[ZYCIE WARSZAWY] Will such a commission also intervene in cases in which bonds merely constitute a kind of advance subscription for scarce merchandise?

[Paga] As yet, access to goods continues to be more attractive than access to money in this country. That is why, e.g., coproducers are tempted to stand in a queue, so to speak, with the idea that if they buy bonds they will have priority in acquiring scarce goods. This is what pulp and paper mills have been doing in issuing their bonds, and more recently this practice has been adopted by Ursus in order to sell its tractors at draconian prices to peasants. Molochs monopolies such as the Lenin Steel-works pay dividends amounting to one to three percent. Of course, no one would want to buy bonds yielding such a low interest were it not for the monopolist's promise that the bond buyer would also have priority in buying his products. But I am hoping that soon now we shall have a money economy instead of a commodity economy.

People want to buy bonds because that is a good way to invest capital, certainly better than hoarding refrigerators. By borrowing through issuance of bonds, enterprises improve their financial situation. Thus the advantage is mutual, but the point is that the bond issuer should have the necessary collateral and, in general, treat this matter seriously. Throughout the world, securities are a more refined work of the printer's art than money. The fact that prewar securities have been preserved demonstrates how carefully they were printed. There exists an international organization for securities along with an accepted world standard for the quality of the paper used to print them, with a particular cotton content, a special indelible dye, and so on.

[ZYCIE WARSZAWY] About that commission which is to regulate public trade in securities—will it also investigate those active in that trade?

[Paga] The commission should issue suitable licenses. So far no one in Poland has a license to trade in securities. The companies which advertise themselves as licensed have no grounds for doing so. A brokerage license will not protect a customer 100 percent against risks, but of a certainty it will reduce the risks. A driver's license is proof that he has certain skills, and this also applies to a broker's license. On the capital market there must be confidence in the individuals who handle our money: Swindlers should be eliminated. The broker should be scrupulously honest, at least in financial matters, knowledgeable in law, and dispose of substantial assets so that he may remain financially liquid. Once a capital market

develops in this country, the broker will select for us the package of stocks or bonds which is best for us.

[ZYCIE WARSZAWY] At present can one trust in stocks more than in bonds?

[Paga] So long as there is no law regulating public trade in securities the market remains largely elemental. Among the buyers queuing up to buy the stock of "Drewbud" [a construction company] no one asked about any guarantees or read the prospectus. The housing shortage has prompted people to take such risks, as has, I believe, an old habit, considering that in the past the state had been responsible for anything announced publicly. Not everyone seems to realize as yet that nowadays the risks they take are theirs alone.

By buying stocks we become owners of a share in property. It is worth knowing just what is the nature of that property. A bond entitles its buyer to receive a specified payment following the elapse of a specified period of time. It does not confer property rights, but it must provide guarantees of payment. And as for the dividends payable to stockholders, these depend on the financial situation of the enterprise which issued the stock. By buying stocks we can gain more, but we also stand to lose more.

[ZYCIE WARSZAWY] Here and there stock markets are being opened. Are they, too, "illegitimate children"?

[Paga] If the securities being traded at a stock market do not meet all requirements, it is difficult to view such transactions as valid. First there must be in operation a law—that is, provisions—governing the licensing of securities and brokers, and only after we are dealing with properly issued securities and reliable brokers, can we open genuine stock markets. Before the war decisions on establishing securities' markets were taken by the minister of the treasury.

Instead of the Ministry of the Treasury nowadays we have the Ministry of Finance, but this is hardly likely to detract from the importance of a stock market. Thank you for your explanations.

Extraneous Fees, Costs To Be Removed From New Coal-Price List

90EP0479A Warsaw RZECZPOSPOLITA in Polish
24-25 Feb 90 p 2

[Article by Zbigniew Wyczęsany: "Coal Also Is Merchandise: New Price List Decisions Awaited"]

[Text] The legal and organizational work on demonopolizing black coal mining is coming to an end. It is being crowned by a draft decree on organizational changes in coal mining and power industry. However, the difficult economic problems of mining still have not been resolved. Its financial system does not correspond to the changed operating conditions of the rest of the economy.

Official prices still apply to coal, and along with them, trillion-zloty subsidies from the state budget to equalize the differences between the official price and the extraction cost, also are being maintained. It is hardly surprising that under such circumstances simply anything is included in the extraction cost: miners' vacation homes, rest homes, sanatoriums, hospitals, culture and education, sports activities, tourism, and recreation.

"Incredible as it may seem," Director General at the Ministry of Industry Docent Jan Macieja told RZECZPOSPOLITA, "the administrative overhead of housing projects and the cost of the maintenance and expansion of municipal infrastructure are often included in mine operating costs. This year the mining industry expects to spend 80 to 100 billion zlotys on the maintenance of eight miners' hospitals alone. The funding for these hospitals comes from individual mines, and its cost," Docent Macieja claimed, "is added to the coal extraction cost. Thus, e.g., at the Sosnowiec Mine 44,000 zlotys for maintaining a miners' hospital is included in the cost of extracting every metric ton of coal."

It is estimated that overemployment in various "surface" services compared with the employment of miners underground is still excessive and, until this ratio becomes rectified, the salaries of thousands of dispensable people thus continue to be included in the coal extraction cost.

The dramatic situation of certain mines, which turned out to be without funds owing to their failure to receive on schedule subsidies from the state Treasury (which itself lacked funds), has resulted in that they had taken out short-term loans from banks—loans that, as we know, last January were charged very high interest rates. What next? Nothing new; the cost of the loan interest was included in the coal extraction cost.

The time is coming to bring order into the social-service activities of the mines. The growing perception is that workplaces should not be burdened with the cost of these services on the existing scale. The provision of these services should be handled by specialized organizations or by autonomous entities operating outside the workplaces. The work force itself should decide as to whether it wants to own a vacation home, lease it, or sell it to some specialized tourist agency. The time has come for the cost of operating a workplace's own vacation facilities to become very high, not to mention the dividend. And if a mine includes this cost in the price of its coal, it may have trouble selling it once the laws of economics are applied to coal mining. Even now, besides, sales are becoming a problem, especially the marketing of coarse coal. What will happen when the new and still higher price list for black coal is introduced?

The draft of the new price list has been transmitted for approval to the minister of finance and, Docent J. Macieja said, "We are expecting it to be officially introduced in the next few weeks. In addition to calorific value and ash content, the new price list will introduce a

substantial discount for the sulfur content of coal. Abroad, prices have already been made contingent on sulfur content, and this also applies to the exports of Polish coal. For every additional 0.1 percent of sulfur contained in power coal the price is reduced by 1 percent. A similar solution was adopted in our draft price list."

Another highly important element of the new price list is the introduction of prices f.o.b. mine. Heretofore coal has been sold in this country at fixed prices regardless of distance from mines. The binding price was f.o.b. the recipient's freight station. The innovation consists in that the seller provides coal to the buyer at the place where it was extracted (mine, concentrator plant), without any surcharges for forwarding or transportation to the recipient. At the end of last year 32,600 zlotys in transportation cost per metric ton of coal was paid by the mines. Now the mines are relieved of this cost, and it will not be charged to their prices for coal either.

Calculations indicate that the introduction of the new price list, which makes the price of coal contingent chiefly on its quality, and above all on its sulfur content, as well as the shifting of responsibility for the cost of transportation to consignee rather than the consignor will result in a rise in coal prices by about 16-18 percent above the current level. In this connection, coal will be more expensive in northern and eastern Poland but cheaper in Silesia. The high economic emphasis on coal quality will provide a major impetus for the adoption of broad on-site measures by mines to concentrate coal and eliminate noxious compounds. Similarly, consignees too will be more interested in such coal, because its conveyance will require fewer means of transportation. The entire country should gain thereby, because a lower sulfur content of coal will improve living conditions in the neighborhood of major power plants and contribute to a better natural environment.

The road to making coal prices more realistic is long and tortuous. Still, never before has as much been accomplished on this road as recently. What still remains to be done is to liberate the mines from many onerous servitudes, from the cost of excessive middlemanship. The new coal price list will serve to accelerate this process. Still, taking the decision to introduce it is not easy.

Communications Minister on Status, Changes, Modernization

*90EP0440A Warsaw POLITYKA in Polish
No 9, 3 Mar 90 p 5*

[Interview with Marek Kucharski, minister of communications, by Wojciech Markiewicz; place and date not given: "Whom To Marry?"]

[Text] [POLITYKA] Mr. Minister, almost daily the press, radio and television report about the troubles we are having at the post office, with receipt of pensions, annuities or money orders, with making calls from even one part of town to another, about the number of years

which elapse between the time an application is made for a telephone and its installation. The establishment, in September of this year, of an autonomous ministry of communications inspired hopes that the situation would improve, but as time goes on not much has changed.

[Kucharski] The establishing of a ministry is not sufficient for it to function. It must have an apparatus, a budget, and accommodations.

[POLITYKA] You moved into the building of the general management offices of the PPTiT [Polish Posts, Telegraphs, and Telephones] at Malachowski St.

[Kucharski] Yes, we have a few rooms here, but the Ministry of Transportation has not yet been divided. I am referring to people, assets, and documents. I hope that this will be done democratically, by the end of February. I also hope that the Ministry of Finance will remember that our budget must be increased commensurate with the costs of installing ourselves and our equipment. The organization of the Ministry of Communications provides for approximately 200 full-time positions, yet until 1 February only 15 people were employed. We expect that 60 people will come to us from the Ministry of Transportation, and the rest will have to be supplemented.

[POLITYKA] By new desks? I would rather see open windows at the post office.

[Kucharski] I too. But in order for a large structure to function, there has to be an administration. But not a large administration compared to the structure, because we foresee the establishing of not 16—as was the case in the ministry dissolved a few years ago—but only 11 departments. That is the essential minimum.

[POLITYKA] Since your nomination I get the impression that a kind of underground war is being conducted between some PPTiT directors and the ministry. Sometimes this even looks as if obstacles are being placed in the way of new people and their ideas.

[Kucharski] That is always the case when someone new comes in, someone who has a different outlook on development, on organizational structure. I have 20 years experience in communications and in my opinion its present structure is absolutely unsuitable in present conditions. That is perhaps why there is opposition to some of the proposed changes. The general management wanted to, and after the ministry was dissolved it simply had to, represent the interests of Polish communications in the world. Now the ministry must concern itself with this policy.

[POLITYKA] But let us return to the functioning of the post office. Prices went up greatly, but the quality of the service has deteriorated. Why?

[Kucharski] The quality of these services was always poor. Postal services, which may sound grandiloquent, are performed by one individual. He has to be at the window, he has to haul the package and deliver the letter.

And this person finally became exasperated. People began to quit, because in the second half of last year their wages turned out to be the lowest of the low.

[POLITYKA] Meaning?

[Kucharski] An average of not more than 164,000 zlotys a month.

[POLITYKA] And after the changes in January?

[Kucharski] Still low—because 77 percent of the average wage in the five basic sectors of the economy is 406,700 zlotys. Wage restrictions affect postal employees to the same degree they affect everyone. And communications is a deficit postal operation (in 1989 the deficit was over 100 billion zlotys), and approximately 10 billion zlotys deficit in services and radio-communication, i.e., those services which we give to the Radio-Committee.

[POLITYKA] But there are profits from telephones...

[Kucharski] Yes, telecommunications, despite the fact that it is bad, produces profits. In 1989 it was 224.2 billion zlotys. Throughout the world it is income-producing, and in our country it should be even more profitable. But let us return to this breakdown in the quality of service. People began to quit and at the same time prices, like everywhere else, had to go up. In addition, foreign exchange rates rose, because as of 1 January the rate of the dollar rose to 9,500 zlotys...

[POLITYKA] Since regulations impede the growth of wages and prices are rising, cannot this growing difference be designated for mechanization of labor at the post office, for new techniques and technologies, and in this way reduce employment and raise the wages of those remaining at work?

[Kucharski] The minister is not the head of the PPTiT and he is not the one who decides who is to be paid and how much, what is to be bought and for how much, etc. That is the matter of the enterprise. The ministry, on the other hand, is supposed to create the working conditions in PPTiT.

[POLITYKA] And is he?

[Kucharski] That will be his function. But we must realize that foreign capital, for example, as is the case of telephones, will certainly not put out money for postal services.

[POLITYKA] Everywhere in the world, the distribution of newspapers is profitable. But PPTiT has suspended the delivery of newspapers to subscribers. Why?

[Kucharski] That was monopolistic activity. For years, no one gave any thought to the post office being profitable and until last year the publishers paid 3.75 zlotys for delivering a newspaper. When prices went up and it became necessary to count costs it turned out that this fee should be 100 zlotys. The carriers got 60-70 zlotys per newspaper and began to deliver them again. But, as I

mentioned, last year the mail carriers became exasperated and during the first postal strike in postwar history said firmly: We will not carry newspapers, not for any money. Not for 100, 200 or 500 zlotys.

[POLITYKA] That is hard to understand. Everywhere in the world people are happy to make some additional money. In many countries mail and newspapers are delivered twice daily.

[Kucharski] People began to quit. Often one mailman services two or three of the present regions. His bag, and often her bag, because many women are employed by the post office, began to be too heavy. But fortunately, competition is appearing. Others are already going into the distributing business. Thus, the post office, too, must give thought to how this can be done so that the price is not pulled out of the air but is based on calculations, so that it does not cost too much and at the same time, is profitable.

[POLITYKA] What about private telephones and television?

[Kucharski] Here, too, we are fleeing from monopolies. This is a joint decision by A. Drawicz and me: Licenses will be issued—permits for the arranging and broadcasting of programs by private owners of stations. A few have already been established and several other applications have been filed. A new law on communications will regulate this. The interministry consultations have already been concluded. This took a long time because this is a sensitive matter: Who will broadcast, and what? From our standpoint, the technical standpoint, we are concerned only that these stations operate each in their own broadcast band and the owners cause no interference to their neighbors.

[POLITYKA] And what about the CEMA telecommunications satellite? Will it be launched?

[Kucharski] In March we are supposed to sign an agreement on the subject of cellular telephones and then, I think, we will reach a decision on the matter of the satellite. Perhaps the 900 megahertz band, suitable for such communications and now used by the Warsaw Pact, can be released.

[POLITYKA] Let us now talk about telephones. When POLITYKA, in December 1988, began a discussion on the subject of the Polish telephone system and its disastrous state, it seemed that all that was needed was to change the law on communications to allow foreign investors to come in. Fifteen months have passed and there is no law.

[Kucharski] A draft was ready last November. Until recently, consultations were held and we gathered comments. It should be discussed in the Sejm any day now.

[POLITYKA] The Parliament has already settled the matter of the greatest importance for the country's future: It decided that the eagle is to have a crown,

without stars or border. Let us hope, therefore, that the law on communications will be quickly passed.

[Kucharski] It is hard for me to judge, but I expect some heated discussions.

[POLITYKA] What is the main provision of the new law?

[Kucharski] Above all, the elimination of state monopoly in communications matters. At present we cannot let in any foreign firm, because the law on the state's exclusivity blocks us. Therefore, we are collecting offers but can make no decision. We can only buy equipment and modernize, replace what we have. After all, we have 3.2 million telephones, and if at least they operated efficiently the picture of our telecommunications would be different. Another matter is the marketing of services, so that they would no longer be a social benefit, so that the telephone would become a goods. After the monopoly is eliminated we do not have to fear that prices will be fixed arbitrarily.

[POLITYKA] But let us assume that we already have the new law. What will be the future scenario?

[Kucharski] We want to avoid monopolies, therefore, we want to introduce, to marry, several foreign firms with Polish industry. Because our industry is weak, very weak. And I would like for these to be the best firms in the world, offering the latest technologies, giants, which are respected. Firms, which if allowed to enter here, will not stir things up and then suddenly disappear. I have in mind AT&T, Alcatel, Siemens, and Japanese firms. We are simply too poor to buy cheaply and without certainty. In teletransmission matters the best partners seem to be Siemens or Alcatel. We also have to solve the problem of producing light cable and tradition metal cable, because what is being produced now is textile. There is one way to go: integration of techniques, then integration of services, or the creation of an ISD network, thanks to which we can make use not only of the traditional telephone, but also data transmission, satellites, portable telephones, and so on. I know that this is frightfully expensive, but we have to have this. And second, this will be a gradual process. I believe that going to a digital system in the mid-1990's will be the first step in the integration of services.

[POLITYKA] The marriage of our industry with foreign firms will take a few years. And what about today? Premier Mazowiecki said in the Sejm that what we need most of all is "democracy and telephones."

[Kucharski] Already this year, if the Sejm passes the law, there could be service of a higher order—cellular, portable radio-telephones. The advantage of this kind of service is that it can be installed immediately because this is ready-made microwave equipment, facility stations placed on top of buildings or erected on poles, and the telephone instrument is purchased in a store. Already 12 portable telephone firms have applied with proposals to invest capital and equipment. But these proposals

vary greatly. Some say that the cost of setting up a line would be \$300, others \$700. That a local call would cost 12 cents a minute, another firm says 36. That the telephone instrument itself would cost \$500, others say \$200. Some offer us credit at 0.2 percent, others 2 percent, and still others 15 percent. We have to determine who here is taking advantage of us.

[POLITYKA] Since we are really a telecommunications wasteland and 40 percent of what we have has to be replaced immediately, and the next 20 percent in the next few years, would it not be more profitable to invest in portable telephones, jump immediately into the 21st century and save the costs of creating an almost entire infrastructure, digging trenches for cable, hundreds of crews running around the country in order to install every instrument, especially in the countryside?

[Kucharski] I thought about this, but then I heard that I am trying to kill Polish industry.

[POLITYKA] And would it not be possible to marry our industry with a foreign industry whose technology is a degree higher? Perhaps, on balance, this would be cheaper for us.

[Kucharski] I would like the service to be on a mass scale, accessible to everyone. But right now it is too expensive. Therefore, initially portable telephones will be installed in Warsaw, then in other large cities.

[POLITYKA] The Western bankers say that there is no way they can enter the Polish market without a data transmission system. Does the ministry plan to make any quick changes in this matter?

[Kucharski] In January we signed a contract with Alcatel for the purchase and delivery of the POLPAC X-25 system. This is also a high-order communications system providing instant transmission of sets of data between banks, tourist bureaus such as Orbis, teaching institutions, the Polish State Railroads, and foreign-trade institutions.

[POLITYKA] The representatives of various foreign firms which want to invest in Poland, enter into joint ventures with us or other forms of cooperation, are growing impatient that time is fleeing and no decisions are being made.

[Kucharski] I myself talked with the representatives of over 60 firms, financial organizations, and emissaries of governments. But we have to realize that the World Bank will loan us money, it is true, but only for international and intercity communication, i.e., for that which pays quickly and surely, from which they will derive obvious benefits. And we cannot make a decision without the new law.

[POLITYKA] How soon after the Sejm passes the law will you begin to issue licenses?

[Answer] Immediately. For installation, for the construction of a network in Poland, immediately.

[POLITYKA] Thank you for the interview.

[Editor's note] *Marek Kucharski: age 42...member of Democratic Party...prior to nomination as minister was director for technical affairs in PPTiT voivodship office in Lodz*

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