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CZECHOSLOVAKIA

Vaculik Answers Slovak Nationalists

90CH0127A Prague LITERARNI NOVINY in Czech 3 May 90 pp 1, 3

[Article by Ludvik Vaculik: "Our Slovak Question"]

[Text] By nationality I am a Czech cut from Moravian cloth; by education, civic outlook, and ambition in my work I am a Czechoslovak. Since childhood I thought in terms of a Czechoslovak state; I had no reason to think of Bohemia and Moravia separately, except in some poetic or humorous sense. I considered the entire Czechoslovak territory to be mine, all great Slovaks were for me Czechoslovaks, I respected the Czechoslovak State Railroads for the length of their rails, as well as the beloved Czechoslovak flag and two-part anthem which was sung here in Prague last year as a single song. A Czech state did not exist for me, Czech symbols and narrow Czech interests receded into the background. I think that there is a majority of such bad Czechs. Petr Pithart leveled literary criticism at us long ago in Husak's time for that, and when he recently announced the program of Czech statehood, already as the premier of the Czech Government, I had a feeling of foreboding. To develop a distinct Czech state—that is, after all, a step backward.

We, Czechs, owe the Slovaks a lot, but it is a debt of a different nature than the one which is mostly the subject of contention now. It is so grave, that a lesser Czech cannot even understand it, and so complex and delicate that to admit it now to Slovaks, who are waging a fearless fight about the name of the state, is useless. I wrote about it several times, even to a Slovak journal just a year ago, but my contribution was refused without explanation because it was a little dangerous. (It was later published in the illegal FRAGMENT K.) Our debt, roughly speaking, consists in the fact that we were happy to adopt Slovak territory physically and spiritually, but we did not adopt with equal readiness Slovak sensibilities, feeling, and thinking. We did not accept into our conscience the feeling of being Slovak. We mostly acknowledge the uniqueness of the Slovak language and culture, but we hold it apart from our soul instead of accepting it into it, as the greatest Slovak figures accepted the feeling of being Czech. And it is after all clear that a Czech with something of a Slovak added to him will be a person of greater stature. (But which one of us feels the need to read at least one cultural-political Slovak journal in order to absorb more Slovak material than the state forcefeeds to us?)

The Slovaks are today unwittingly delaying our comprehension of this debt, by pressing on us the primitive end of the problem to be given an immediate, superficial solution. We removed the word "socialist" from the name of the republic because that word does not impart to it that attribute, but we allowed the word "federative" to be forced on us, as if that word were able to impart the desired character to it. If there are some substantive problems, they should be resolved legally and organizationally. By repudiating the name Czechoslovakia, the Slovaks offended precisely our supranational side, the more broad-minded and ambitious one, which until now has given us the ability to give up something for the sake of the Slovaks. To be a Czechoslovak—that is a pretty respectable task. To be only a Czech will be child's play for every one of us in relation to a Slovak.

The Slovaks' complaints about us have deeper roots, and therefore they cannot be eliminated by any administrative means. Its nature is individualistic and sociopsychological. I believe that Slovaks are not quite ready for free and equal relationships with other nations. They never had their own state; it would not be honorable to count the one that lasted from 1939-46, that was merely a war episode; but useful in the sense that ever since then they have been able to imagine having their own real state. A nation either proves its independence or it declines into a social group within a larger unit. We mostly proved it vis-a-vis the Germans, they should have done it vis-a-vis the Hungarians, who, however, were defeated by other forces first, and Slovaks entered again, almost unquestioningly, into a common state with somebody else. Item: It would have been the right thing to do had they, as we did, slowly built up industry and educated teachers and an intelligentsia, but because of lack of time they had to get it from us, and up to this day they keep complaining about the quality of the delivered goods. After fascism was defeated they should have had to, by rights, come to terms in their conscience with their fascist episode, but by renewing their membership in a good Czechoslovakia they were able to have their lapse wiped out without any soul searching. Item: After the war Communists in Slovakia were very weak, but under the influence of the central power in Prague, Slovaks got the same regime as we did. This did not cause any great, noticeable crisis in their conscience, because Czech communism gave them much more than it gave the Czechs. Item: When we tried in 1968 to loosen the dictatorship, the Slovaks considered it to be our concern and they went after autonomy. When we were punished then for the rebellion, they, because they did not compromise themselves too much, received a lighter sentence; and that their autonomy, which they gained from our rebellion, meant a more severe punishment for us, that does not occur to them. Item: We now must, and we know it is a matter of life and death, defeat the dictatorial regime once and for all, and here they come again with their demands aimed at bolstering their prestige, and again leaving the main problem to us, as if they were thinking: You brought that Communism of yours here, so take it away again, you Czechs! Poorly guided by their history, spoiled by our 70-year-old intervention into their life, they are again capable of not recognizing how an independent, proud nation should behave, and of laying a foundation for a new alibi for their possible future failures, and with us again getting the blame! Do we need it?

We became involved with the Slovak destiny in a thankless role, and I think that we should end it: not with

self-pity, but rather laughing into the mirror. As a nation, we suffered the fever of every infection that passed through our country. Reformation as well as counterreformation, nationalism as well as internationalism (Pan-Slavic, socialist), fascism as well as communism. Shattered by all this, we had to keep reconstructing ourselves. Here, every Catholic is unconsciously also a bit of a Hussite, and every realist is a bit of a romantic, and vice versa. Each of us is a bit of a German and a bit of a Slovak. All of us new democrats and liberals will continue to have a little bit of a socialist in us. The stuff we are made of has all those euphorias and depressions mixed in with it. In contrast to that, the Slovaks, who somehow only had their feet splashed by all those events, had no reason or time to suffer deeply through something and come to terms with it: They only had to wait, and something else came up. Not even the uprising against the Nazis was enough, because of its short duration and limited area, to make each Slovak face the basic existential and moral question: Who are you and what do you want! But today we cannot be even sure that that uprising in its anti-German nature was automatically pro-Czechoslovak; its fruits were, after all, harvested by a third party. And so, since they have nobody by whom to prove their maturity, the Slovaks mistakenly use us for the purpose. Whereas we know that we shall only get what we earn, they know that they can exact something extra from us. Therefore, when the atmosphere became a little freer this year, and they looked around for the nearest adversary who does not kill, they saw us. Do we need it?

I made a trip to Bratislava recently, and all my friends asked me why are we so upset, they said that the nationalistic clamor comes only from careerists, fools, or intriguers. I was glad to hear it. I would have expected, though, that the wise majority would discipline or out vote that bad minority. No, instead of that, the wise ones are telling us that those who are wiser will give way when at stake is an unimportant matter; and so that unimportant matter may slide into law on our and their wisdom. I know that what I am writing here will be painful to read for my Slovak friends, with whom until recently we had to meet in secret to discuss literature, politics, and life and its meaning. I know that even now we would be in almost total agreement. We prepared for and looked forward to today, even though we may not have believed that we shall live to see it. But we also knew that today this will also divide us a little, and will allow those things in which we personally differ to come to the fore. And now it is here already, fortunately, and I must or can say publicly what I used to be able to say only in private and in secret: This is perhaps that fortuitous opportunity when the best people of the Slovak nation should turn its discontent inward. At last, and without being threatened from the outside, the Slovak nation, too, can break itself up in search of its happiness, in order to reconstitute itself at a more mature level. Let the tensions in the nation refine its thoughts and powers. It is a pity and a mistake to demean it by venting its discontent at the Czechs.

Milan Simecka, my Czech friend in Bratislava, wrote to us that the younger Slovak brother grew up and wants his own bed, and the older Czech brother should give it to him. But as we know our younger brother, he will want his bed by the window in summer and by the warm stove in winter. No bed, brother—get your own house!

But after the first surge of bitterness, sorrow, or anger one must take a sober look at the situation: what it means, what it takes away, or what it gives. Why, in fact, should Slovaks extract from us inch by inch what they can have all at once in its entirety? By separating ourselves from the Slovaks, which is solely up to us, we shall incur—judged by our experiences thus far—economic losses. In political terms, we shall lose the Hungarian and the Ruthenian problem. We shall place another frontier between us and the Soviet Union. We shall have only one government. We shall be able, at last, to resolve all matters quickly and to the point, without special regard to the Slovaks. With no opportunity for fomenting nationalistic disputes, we shall perhaps also be able to introduce democratic forms and manners more quickly. Alone, we will undoubedly catch up more quickly with the developed countries. We shall have more peace and quiet to search for a life-style opposed to aggressive commercialism and consumerism. If we devote the same 20 years lost in a federation with Slovakia to cooperation with Austria, we shall perhaps get closer to a functional federation or union, whose members, grown wiser, will not burden its functioning with their depressions, complexes, and recriminations. And our relations with Slovakia? Economic and other questions can be resolved by contractual relations, as for example between Denmark and Sweden. Right?

Let us consider, therefore, whether on the instigation of the Slovaks we, too, are not actually being given a fortuitous opportunity to begin a new life. After a 300-year subjugation by the Habsburgs and a 70-year oppression of another nation, [we could] live with a clear conscience and new prospects. In fact, everything can be different! The opportunity is fortuitous because it comes now: Last year, such thoughts could still have aroused the suspicion that we intended to offer the Slovaks to the Soviet Union. And 70 years ago, it would have been a refusal to help a younger brother. And if at that time one of the points was also to have greater defense capacity, then even in that respect Czechoslovakia did not prove to be a success. But security in today's Europe is a totally different question anyway than when we Czechs used to be Czechoslovaks. How everything is changed in one stroke, only if one acknowledges it!

GERMAN DEMOCRATIC REPUBLIC

DSU Minister Profiled, Continuance Questioned

Interior Minister Diestel Viewed

90GE0103A Hamburg DIE ZEIT in German 4 May 90 p 2

[Article by Joachim Nawrocki: "New Broom, Old Twigs"]

[Text] Thus far, he has had a high profile, thanks especially to his clever speeches and pithy sayings. In the

newly elected People's Chamber, immediately after taking office, Peter-Michael Diestel made sure there was plenty of excitement because he repudiated the GDR's Constitution lock, stock, and barrel. A Minister of the Interior who would govern without a constitution—a terror for the opposition from the outset. The first of May was really the first baptism by fire for the GDR's new Minister of the Interior, because riots were a distinct possibility, not only in West Berlin, but in the Eastern part of the city as well—the part for whose security Diestel is held responsible. Given the open borders, it was entirely possible that West Berlin rabble-rousers would be looking for a confrontation in East Berlin, and that they might encounter skinheads and right-wing radicals there. As a precautionary measure, Diestel had put 3,000 police on alert, and his Peoples' Police maintained constant radio contact with the West Berlin police. In deployment staff rooms, high-ranking police officials sat with their counterparts from the police force from the other sector of the city. Yet the challenge remained within its bounds. Only in Leipzig did confrontations occur until the police wedged themselves between right- and left-wing troublemakers. In West Berlin as well, the police were able to keep the would-be rioters under control.

At 38, Peter-Michael Diestel is one of Lothar de Maiziere's youngest cabinet ministers, and, as one newspaper wrote, the "prettiest." Only the Minister of Youth and Sports, Cordula Schubert, who will soon be 31, and the Minister of the Post Office, Emil Schnell, who is 36, are younger; nearly the same age, even born in the same year, 1952, are the Minister of Foreign Affairs, Markus Meckel, and the Minister of Construction, Axel Viehweger. They are all children of the GDR, all have academic training, but no political background. In the GDR, but especially in the Western media, a psychiatrist named Hans-Joachim Maaz, who confuses his patients with the population of the GDR, is someone whose name is currently on everyone's lips. He claims that after the revolution the demonstrators all returned home as neurotics. He says they had split personalities, they were frustrated, repressed, and condemned to adaptation.

The Minister of the Interior, Mr. Diestel, is a breathing refutation of this thesis. A few days after taking office, when he visited Wolfgang Schaeuble, his counterpart in Bonn, the impression he made was that he was someone who hits the ground running and does not allow an inch of turf to be taken from him. The general impression was that this young man was just at the outset of his career. It is true that he, who played such an important role in the founding of the German Social Union (DSU), did unabashedly ask his political fathers from the CSU [Christian Social Union] to intervene. By that, above all, he meant financial aid and personal assistance; but Diestel does not allow himself to be taken to task by the CSU, at least, he no longer permits it. If the occasion demands it, he can explain to the CSU Secretary General, Erwin Huber, that he can stand up for his own principles.

Incidentally, Diestel is Secretary General as well. When the government was being formed to include the SPD [Social Democratic Party], without realizing it, he just managed to edge past his own party's chairman, Hans-Wilhelm Ebeling. The SPD did not like Ebeling: their resistance to the DSU was focused primarily on him, even though the 56-year-old pastor at Leipzig's Church of St. Thomas is the more distinguished man, a conservative with principles. At the very most, the SPD was willing to fob the Ministry of Economic Cooperation off on him, a Department that had not hitherto existed, that is, something that would have had to have been created out of thin air. Thus, Secretary General Diestel became Minister of the Interior and Deputy Prime Minister. Unlike his colleague and counterpart in Bonn, the police force nationwide is answerable to him, and, beginning next year, his powers will be expanded to include the border troops.

Heretofore, the Ministry of the Interior in the GDR has been organized along military lines. The Minister and his six deputies all held the rank of general. Police officers also bore military rank. The entire apparatus was subject to the party, and permeated by state security. Yet, today, Diestel claims he is dealing with professionals who have just happened to have been working for dictators until now. He says now they will have to work for democracy. He claimed that as far as he was concerned, loyalty and professional competence were the qualities that mattered. He said it was impossible to run a Ministry like his with well-meaning bakers, hairdressers, and theologians.

Diestel, who was born in 1952 in Ruegen, looked back at a career as a bath attendant and cattle breeder. In 1969, he was the second-best milker throughout the GDR. Today, he jogs and lifts weights to keep fit. In addition, four years ago, he earned a law degree. He was just recently admitted to the bar, something that the old regime had refused to do for political reasons. For 12 years, he was in charge of the legal department of an agricultural sales organization. Now, all he has to do is learn how to govern, but that is the rule in the de Maiziere cabinet.

The carefree way in which the new Minister deals with the old functionaries bespeaks his pragmatism. As an inveterate tactician, he was evidently confident that he could take charge of even a bristly apparatus like the one he heads, one that has remained nearly unchanged all the way to the top level. Diestel demonstrated his tactical skill when, early this year, he went to work in Leipzig against the "Eastern CDU," which he does not like, to form the German Social Union. He had soon signed up 40,000 members. But there is a contradiction when Diestel says on the one hand that the State Security Service destroyed so many files last fall that it is impossible to prove guilt beyond a reasonable doubt, while he says, on the other hand, that he believes he can keep former Stasi people on the job because everyone is to be considered innocent until proven guilty.

That probably also explains why Diestel retains his predecessor, Lieutenant General Lothar Ahrendt, a career party member and policeman, as his advisor, even though he must have been involved in the excesses of the Peoples' Police against demonstrators last October. Continuity in terms of personnel within the Ministry of the Interior is the reason why many Citizens' Committees do not want to turn over their material on the State Security forces to this ministry. According to the Citizens' Committees, secret agents of the old regime should not have a say in how this material is used and play a contributory role in the dissolution of the State Security Service.

Peter-Michael Diestel stands firm. He wants to smash the old apparatus, but he wants to breathe new life into the professional pride of those "who always had the protection of the commonweal at heart and felt a bond to the ethos of the policeman." He regards himself as a Christian conservative politician, whose current job it now is to safeguard the structure of democracy. For this reason, he is against squatters and "wild demonstrators," against radicals, and disguises. He promises the necessary rigor against rowdies and rioters, and, he does not want to discount the wall, which he calls a mark of shame, altogether, as providing a certain protective effect as a customs barrier and wall against drugs, and troublemakers.

Diestel would like to retain the 100-kilometer per hour speed limit and the 0.0 parts per thousand blood alcohol limit, against the express wishes of the Federal Minister of Transportation, Mr. Zimmermann: the condition of the roads in the GDR makes anything else impractical. He is probably right on that point. He would also like to introduce the career civil service to the GDR. He wants to demilitarize the police. In the meantime, the Peoples' Police, following the Western model, has been given civilian ranks (Chief Inspector instead of Captain). The heavy weaponry the police carry will be scrapped. They do not need grenade launchers, or hand-held antitank rockets, but fast cars, two-way radios, transparent protective shields, 3,000 of which were borrowed from West Berlin in anticipation of 1 May. Whether that will suffice for the "democratic values of a government based on laws that a policeman is supposed to protect," or whether a somewhat more thoroughgoing remedy will have to be created is something that remains to be seen.

Party's Tenuous Position Examined

90GE0103B Frankfurt/Main FRANKFURTER ALLGEMEINE in German 12 May 90 p 12

[Article by Wolfgang Stock: "Does the DSU Have a Future?—Leadership Squabbles and Uncertainty About Its Position in the All-German Party Structure"]

[Text] In the German Social Union (DSU), many are concerned about the future of the party, which is now just four months old. The disappointing results of the municipal elections—the party garnered only 3.4 percent of the votes; in the election for the People's Chamber, the number was nearly twice as high—provide an accurate reflection of the DSU's desolate situation. A power struggle for the leadership of the coalition of the original 12 conservative groupings, irritations concerning the policies of "their" Minister of the Interior Diestel, visible, organizational shortcomings, particularly doubts concerning the DSU's place in the political structure have beset the party.

At the present time, hardly anyone can say who is the Chairman of the DSU. Officially, the founding Chairman, Ebeling, who was confirmed in his post in February, has turned over the management of the party's affairs to his deputy, Nowack, so as to be able to devote all his energies to building up the Ministry of Development; for the same reason, the Secretary General of the DSU, Mr. Diestel, the Minister of the Interior, has transferred his duties to Mr. Schieck, who has served as Minister of the Treasury thus far. In this way, an accumulation of official positions among the DSU leadership should be avoided. Evidently, however, Ebeling has been stripped of his power by the party's presidium. In the Federal legation in Leipzig it is said that both Ministers are still members of the presidium. The real reason why Ebeling was stripped of his power, power which can have no more than temporary character in any case, until the next party congress, is an "apology" to the SPD [Social Democratic Party] for ostensible sabotage of DSU candidates, for which, in the opinion of the presidium, there was no just cause.

The present party chairman, Nowack, was, until the merger of the 12 factions into the DSU, chairman of the CSU [Christian Social Union] in the GDR. While Ebeling took pains as chairman to integrate all tendencies within the DSU, and always proclaimed that the DSU was the "sister party of the Western CDU [Christian Democratic Union] and the CSU," Nowack claimed to be the implacable foe of the old SED [Socialist Unity Party], and the foe of socialists of every hue and stripe. Whether his pronouncements, which are often of an undifferentiated nature, are an accurate reflection of the views of the majority of the members of the party, is a rather questionable proposition.

In the election campaigns for the People's Chamber, the DSU posed as a decided foe of the SED/PDS [Party of Democratic Socialism]. The call went out that proceedings should be instituted against the SED as a "criminal organization." There are hardly any DSU members with a SED past, and, top-level positions were to remain closed, even to "purified" former members of the SED, according to a decision on basic policy. The bedrock of the party was all the more shaken when Diestel, in his capacity as secretary general, appointed an acquaintance as federal legate shortly after the election to the People's Chamber, and placed him in charge of the federal legation, even though he is known to have been a delegate to the SED's "renewal Party Congress"—who did not resign from the party, which by that time was already calling itself the PDS, until after that event. It

took massive amounts of pressure from the powers that be within the party to have this "turncoat" dismissed after four weeks.

The DSU membership was equally incensed with Diestel's decision not to dismiss any "experts" from the Ministry of the Interior, of which he was now in charge; that Ministry was to preside over the dissolution of the the State Security Office. Instead, in the pages of the PDS organ, NEUES DEUTSCHLAND, the minister touted the willingness of his bodyguards to serve, bodyguards who, like most of new colleagues, can look back at a long past in the SED, if not in the Stasi itself.

Above all, however, many members are hobbled by the fact that there is uncertainty concerning what role the DSU can play in the future in a united Germany. Bonn's CDU leadership has, by way of disappointment, broken off the intensive contacts that grew up in the time of the "Alliance for Germany," and has concentrated entirely on supporting the Eastern CDU. The merger of the Eastern and Western CDU is slated to occur within the next few months, but in any case, before the reunification of Germany under one government. A merger between the DSU with its "sister party," the CSU, is improbable, on the other hand, since such a step would have to mean the end of the factional unity between the CDU and the CSU in the Bundestag.

Even though the leadership of the CSU does not yet seem to have given much thought to the matter, the somewhat reluctant support that has been forthcoming from the DSU since the People's Chamber elections is an indication that such an incisive decision is not particularly probable. If the DSU were left to fend for itself, and to do so solely within the territory of the GDR, in general, Pan-German elections, it would have to win more than 20 percent of the vote there in order to be able to take any seats in the new German parliament—a goal that is scarcely attainable. For this reason, various proposals are making the rounds in the DSU: presidium member Diestel considers a fusion of the DSU and the Eastern CDU a possibility, but many members of the DSU regard the Eastern CDU with considerable reservation, due to its history as a Bloc party. Their forthcoming merger with the Western CDU could, indeed, remove this skepticism. In the Northern state associations, a merger with the German Farmers' Party (BDB) is considered, instead of one with the CDU. Even Ebeling has come out in favor of it. The DBD was able to improve its proportion of the votes cast in the municipal elections to 3.6 percent; it has achieved its best results in the North of the GDR, where the DSU is weak. In addition, it has a broad-based structure at its disposal, something that the DSU is still lacking. But the former Bloc party used to be called, with some justification, "the rural branch of the Socialist Unity Party"—and, since its founding in 1948, it has always been characterized by its absolute subjugation to its party leadership, and, to the present day, there have been absolutely no "renovations" in personnel. Whether the DSU, with a maximum of 30,000 members, could preserve its profile in a merger with the "recorder" DBD (117,000 members) as a conservative party unsullied by a Communist past that wants to shape bourgeois policies, is questionable.

Judges' Fears for Legal System Outlined

Reflections on Systemic Problems

90GE0104A Frankfurt/Main FRANKFURTER RUNDSCHAU in German 20 Apr 90 p 5

[Article by Harald Kroemling, judge of the GDR's kreis court in Nauen: "Widespread Existential Fear"—first paragraph is FRANKFURTER RUNDSCHAU introduction]

[Text] The shared responsibility of judges and public prosecutors for the decades of repression of the GDR's populace is a hotly debated subject these days—and not just in the GDR. Is the system of justice capable of overcoming its past and contributing to the renewal of the country? This is question which Judge Harald Kroemling of the GDR kreis court in Nauen has asked himself. He has also discovered that fear for their professional futures has spread among his colleagues. The GDR's new Ministry of Justice still has no draft plans for renewal. We are publishing the text of Kroemling's article which will appear in the next edition of the West German journal CONCERNING JUSTICE.

It is unmistakable: Existential fear has spread among the judges of our country to an unheard-of extent. Will I be appointed judge after the municipal elections? Can I continue to work as a judge after the unification of the two German states? Who will be considered politically acceptable? Or: Will the cadre of judges be simply replaced by West German jurists? These and similar questions are being posed by many judges and to date there have been no adequate answers—not least of all because there is no law regarding judges.

The Ministry of Justice has not yet overcome its speechlessness. There is a lack of clear plans (continuing professional education, personnel issues). There have been, however, contradictory and to some extent indefensible statements by Ministry of Justice staff which contribute to the further disquieting of judges. One thing is certain, however: There will be no judicial reform without an unconditional and unsparing coming-to-terms with the past. In this, it will be necessary to shed light on both the role of the administration of justice in society and on the role of each judge. These two learning processes cannot be separated from each other, forming as they do an intrinsically consistent unity. It is well known that the legal system in every society is not indifferent to class in its administration and application of justice.

In the GDR in the past, the judicial system was a key instrument in implementing a doctrine of power which was based on a false understanding of security. The principle of the division of powers was labeled as unacceptable in theory and practice. There was, therfore, no

independent administration of justice. On the contrary, according to the constitution the judge was to be loyally subordinate to the people and their socialist state (Article 94). Since politics had primacy over the law, this led to distortions in legislation and legal administration that were not merely restricted to political criminal law.

To an increasing degree legal rulings were not—that is, were no longer—in accordance with the will of the people, and less so as the People's Chamber, in its capacity as the legislative body, did not live up to its constitutional mandate. In order to proceed against political dissidents, legal judgements until October of last year tended to be intrepreted in light of political events and were undermined. In other areas as well—for example in labor law in cases involving disputes with those wishing to emigrate, or in civil law procedures relating to the application of travel regulations—the law was subordinated to the assertion of political interests. Often there was no question of constitutional procedures. Responsibility for the deformation of the law must therefore be viewed as residing first of all at the Ministry of Justice and the Supreme Court. Through their own rulings and through the positions and guidelines they issued and declared to be binding, they essentially created the principle of a uniform administration of justice.

Nonetheless, verbal accusations of guilt do not help us proceed. In the process of learning about ourselves, we must realize that the administration and application of the law was not conducted by abstract machines—that is, computers—but by the judges of our country. The views that been expressed now and again that only applicable law—that is, that which formerly was the law—was administered and therefore it cannot be considered injustice today, are not useful arguments for honestly coming to terms with the past. This inevitably leads to an undesirable proximity to the position of the Third Reich's judges—something which has often become evident in discussions. Such a comparison is, in my estimation, inadmissable if only because of the murderous character of the Nazi regime and the role of the judicial system which was based on that character.

But it must also be recognized that by their actions and behavior the judges helped support the legal order and the political system quite independently of the branch of law in which each individual worked. Our sense of justice should have told us that a great deal of the political criminal law was unjust because it violated the fundamental rights of people—even those rights recognized by the GDR in international treaties. Supreme Court positions declared to be legally binding and opinions and interpretations of the law were accepted too uncritically, thereby leading to an incorrect understanding of the constitutional principle of judicial independence. The opportunities for resisting this through one's own administration of justice—because of appeals and proceedings to quash judgements (a proceeding whereby a legal ruling could be nullified within one year on the order of the director of a superior court)—were few, and thus were disheartening in the final analysis for the majority. Nonetheless, there were judges who were no longer willing to tolerate—that is, to bear—this inner conflict any longer and thus they no longer stood for election.

The accusation of having been the silent executors of a purpose centrally-directed and dictated by the SED [Socialist Unity Party of Germany] is completely valid in the case of the overwhelming majority of the judges, however. It is an issue here of recognizing and expiating this guilt which derives from the political responsibility that the judges bore. Only in this way will the lost confidence in the system of justice be regained. This can only happen in a plausible manner by distancing ourselves from the judges who often functioned for years as the zealous executors of dictated political instructions, who limited judges' latitude to render decisions, who punished deviations with restrictions, and who unscrupulously—that is, in anticipatory obedience—abandoned procedural fairness and surrendered their limited independence. A decision as to who is included in this group of people can only be made following a proceeding conducted in accordance with constitutional principles. In any other way an all-inclusive prejudging and partisan arbitrariness (such as was the case before the "turning point") could occur.

In the future, it will be less of an issue as to whether any particular judge is capable of changing his views, but rather a question of whether he is politically acceptable now that political conditions have fundamentally changed. German history has posed this question on a number of occasions—the last time 45 years ago. In this context, memories of the West German judicial system's failed attempt to come to terms with the past are awakened and once again they invite a consideration of the subject broached at the outset: Coming to terms with the past—only a problem for GDR justice?

System's Future Workings Questioned

90GE0104B East Berlin BERLINER ZEITUNG in German 8 May 90 p 7

[Article by Klaus Bischoff: "Judges Want To Know How Things Stand—Terms of Office Extended More or Less Provisionally"]

[Text] Among the problems resulting from the social revolution in the GDR was—and to some extent, still is—a certain destabilization of the judicial system. Not infrequently the judges have been collectively accused of having bent the law under the SED [Socialist Unity Party of Germany] state and of having no place in a new democracy. In individual cases these accusations cannot be dismissed out of hand. The clear majority of judges, however, rendered judgement in accordance with constitional principles—in proceedings that for the most part were politically harmless. Thus, the wheat must be quickly separated from the chaff—but how?

About 100 of the more than 1,000 judges in the GDR have complied with a recommendation of the Ministry of Justice and have resigned their positions. They included 13 of the 15 directors of bezirk courts, their deputies responsible for criminal law matters, judges who served on courts within whose jurisdictions detention facilities of the former Ministry for State Security were located, and some other judges who dealt with political criminal cases. Individuals, then, have begun to leave the judicial system after a more or less explicit request to do so and consequently there have been no regular proceedings to remove incumbants from their positions. In fact, they would have had to be based on proving the judges in question guilty of perversion of justice—that is, of deliberate, wrongful administration of the law to the advantage or disadvantage of the accused—a difficult untertaking. As an alternative, the Association of Judges recommended evaluating the actions of judges according to moral-ethical criteria. Even that would have required a time-consuming examination of each case.

All issues have by no means been settled in regard to the judges who have remained in office. They really ought to be elected by the municipal parliaments that were newly constituted on Sunday. Since the elimination of the principle of a judge as an elected functionary and the introduction of the practice of appointing them for life are imminent, we are proceeding on the assumption, based on relevant legal texts, that the judges' terms of office will not expire until three months after the municipal elections—that is, on 6 August. A new law regarding judges ought to be passed before then. Only then will clarity be brought into the situation. Whether that will be done by the summer is questionable, however, because all the details of the draft bill have not been taken care of as yet. In regard to the sensitive problem of the appointment of judges, there are even differences within the commission concerned with drafting the bill—but this power of appointment should not be left up to a politically obligated minister.

There are other questions regarding the future of the administration of justice. One may proceed on the assumption that a widely extended court system will develop in the GDR similar to that in the FRG. That would entail an increased need for judges and attorneys. Do jurists therefore have to be imported from the FRG? The chairman of the Association of Judges, Weitzberg, thinks not. West German advice on the restructuring of the GDR judicial system and on the continuing education of judges, on the other hand, is very welcome. Many offers of relevant courses—in the area of commercial and economic law, for example—have already been received from the Federal Republic and West Berlin.

The staffing requirements for the types of courts that have to be created—such as labor, social welfare, finance, and administrative courts—should be met by GDR jurists, however. Lawyers who are threatened with unemployment and notaries could switch careers and pursue the judge's profession. Within the West German Association of Judges, by the way, the positions on this subject run the gamut between two extremes: from the view that not a single one of the GDR jurists should be allowed to retain his position, to the opinion that it is getting to be time to stabilize the judicial system in the GDR—as a factor in the maintenance of order—with the goal of equipping it for the daily tasks that lie ahead.

HUNGARY

Parliamentary Minority Role, Guarantees Discussed

25000728A Budapest MAGYAR HIRLAP in Hungarian 20 Apr 90 p 4

[Interview with National Assembly SZDSZ [Alliance of Free Democrats] representative Peter Hack by Balazs Stepan; place and date not given: "Against Power Concentration by the Majority: Faction Discipline"]

[Text] The legitimacy of Parliament cannot be questioned after the free elections, but legitimacy in itself is no guarantee for democratic governmental decisionmaking. Just how Parliament will operate, how the minority, the opposition viewpoint will prevail, is the question. The opposition will be able to share the responsibility of governance only if, despite its minority status, it can be part of decisionmaking in a responsible manner, otherwise it will be unavoidably forced into an offensive position. The Alliance of Free Democrats [SZDSZ] is the largest minority in the opposition. It is preparing to play a constructive role. I conversed with National Assembly representative Dr. Peter Hack about the rights and authorities which ensure active and responsible opposition participation.

[Hack] Democratic elections are the fundamental, but not the sole, exclusive criteria of democracy. Separation of powers—legislative, executive, and judiciary—and their mutual control prevents the concentration of power. Throughout the world various methods have evolved for the control of legislative power. In the United States the Supreme Court, in France the Council on Constitutional Law, in the Federal Republic of Germany the Constitutional Court, like in Hungary, may review and overrule the decisions of the legislature on constitutional grounds. Quite naturally, not only from the outside is legislative power controlled in a democracy. Parliament as a whole receives the legislative mandate, and the opposition's voice in the exercise of power must be ensured. Governing power is in the hands of the majority party, but there are means which ensure the rights of the parliamentary minority. The majority governs, but some solid rights protect the minority in Western democracies everywhere. The fact that all power does not become concentrated in the hands of the majority party must be ensured within Parliament and in the balance between the branches of power.

[Stepan] In Hungary one such constitutional guarantee is the requirement for a two-thirds parliamentary majority for the amendment of basic laws.

[Hack] Yes, this is the strongest legal protection, but there also are other means. Before the president of the republic grants the authority to form a government, he will hear the leaders of parliamentary factions. In this way the smaller factions may also propound their points of view. The two-thirds qualified majority also ensures that basic laws cannot be changed without the concurrence of the opposition. If the Constitution could be amended on the basis of a simple majority vote, the prevailing government could do anything it wanted to, accordingly to its momentary likings. But by all means, the opposition is defenseless against a coalition which commands a two-thirds majority. The distribution of parliamentary offices among the parties also prevents the concentration of power because along with the majority party, the opposition also fills certain positions. The fact that the president of the republic is a member of the majority party, but the office of the president of Parliament is held by a member of the opposition, and that the prime minister also comes from the majority ranks, is a parliamentary custom.

[Stepan] This could not be implemented at the moment the way you described it, because the Constitution provides that the president of the republic will be elected directly....

[Hack] Yes, and until he is elected, the president of Parliament serves as provisional president of the republic. At its organizing meeting, Parliament elects the president and vice presidents of the House. While the president of Parliament performs the functions of the provisional president of the republic, one of the vice presidents serves as a substitute for the president of Parliament. We succeeded in reaching an agreement: Parliament will have one president and three vice presidents. Accordingly, two parties will not hold positions in the leadership of Parliament, but they will be entitled to serve in two of the eight reporters' positions. Parliamentarism observes two points of view when evaluating the various parties. First it examines whether a party is a factor in governance, and second, it ranks each party from the standpoint of strength. Jozsef Antall's statements revealed that the SZDSZ will not be a governing factor, at the same time, however, based on the elections, it is the second largest party in Parliament. It follows then that the SZDSZ is entitled to some important parliamentary positions. Small coalition parties may also acquire important positions in government, rather than in Parliament. The opposition has no opportunity to do so, because it is not a member of the coalition, and therefore it holds out a claim for significant positions in Parliament.

[Stepan] What National Assembly committees are expected to be formed, and what will be their composition?

[Hack] It is certain that the present committees will cease to exist once the new National Assembly convenes. At this point one cannot accurately state what committees will evolve, but undoubtedly there are tasks which demand that a body of men take positions. Legislative development, immunity issues, and the preparation of the budget are such things. In the SZDSZ view, negotiations among the parties should begin now, so that decisions concerning committees may be made at the organizing meeting, so that the committees may be established. A body is needed, for example, for the development of house rules, and in our judgment a parliamentary committee must oversee the internal security service. Committees must be established while observing the power ranking of parties. Committee chairmanships and secretarial posts must be distributed in a manner consistent with the number of mandates received.

[Stepan] What kinds of house rules will be needed in order to ensure that the opposition is able to enforce its rights, but so that the threat of obstruction is minimized?

[Hack] The order of sessions must be regulated in such a manner that the opposition is by all means assured of taking the floor after the government reports its position. Obstruction can be avoided by setting maximum time limits for remarks made on the floor. For example, half an hour may be allotted to the government, and half an hour to the opposition. Five minutes may be permitted for statements, and each representative may receive a two or three minute period for direct response—for example if a representative is personally attacked.

[Stepan] The government has the floor first, then the opposition. But in what sequence?

[Hack] The present Parliament is not bipolar, and this then demands constant negotiations among the parties. It must be made certain that every party may hold the floor. In my view the order in which remarks are made must also be determined in the order of power ranking.

[Stepan] What may be expected, in your view; how will the relationship between the party and the parliamentary faction evolve?

[Hack] All these matters constitute the internal affairs of parties—the way they deal with the relationship between the party organization and the faction. Actually, in several foreign countries the faction itself is the party. The party does not have its own organization, the organization serves only as an election campaign organization. It would appear that no one in Hungary today elects to take this path. Despite this fact, however, a party may function by delegating decisionmaking authority to the parliamentary faction. Just what relationship the faction maintains with the party organization is yet another matter. Namely, the legitimacy of a representative flows from the voters, and not exclusively from the party. The SZDSZ has reached a preliminary agreement with its candidates running on slates that all will joint the party faction. Party discipline is known to exist only in Bolshevik parties, now we must learn a new parliamentary discipline: a discipline within factions. The new Parliament cannot operate without such discipline. A government crisis may be created in the most unexpected situations if a representative casts his vote entirely independent from his faction, and this, of course, will also weaken the faction's power.

[Stepan] Representative mandates are for four-year terms, while the party leadership is renewed annually. Accordingly, a situation may occur in which the entire party leadership is changed, while the parliamentary faction remains unchanged. This may result in split consciousness, not to mention the possibility that a party expels one representative from its ranks....

[Hack] Quite naturally, the parties must manifest self-restraint toward their factions. A party which expels a representative from its ranks will weaken itself. No party is interested in doing so. A real concern is presented when a party elects an entirely new leadership in the course of a parliamentary cycle. This may result in countless conflicts, but it is the internal affair of a party how to manage such conflicts.

[Stepan] What is your view, in regard to what cases should a two-thirds majority rule be enforced?

[Hack] There is a Constitutional Court decision in this regard. It provides an expansive interpretation. This opinion holds that a two-thirds majority vote would be needed to amend the domestic relations law. But why? A qualified majority is needed with regard to laws which determine citizen rights and duties. The old law pertaining to the conduct of families mandated that parents bring up their children in the spirit of socialist ideals. A child may be taken away from anyone who neglects this obligation. This drastic measure violates fundamental human and citizen rights. Accordingly, from this standpoint it would be justified for a domestic relations law to be created only on the basis of a two-thirds majority vote. A two-thirds majority is needed in regard to the creation of criminal and civil laws, and regarding the establishment of the law concerning autonomous government, and of provisions concerning the legal standing of representatives. This listing presents examples only, but I believe it is clear that the vote of a qualified majority is indispensable in regard to the establishment of standards which govern the basic relationships in society.

National Security Function Severed From Interior Ministry

25000728D Budapest MAGYAR HIRLAP in Hungarian 27 Apr 90 p 3

[Article by—illes—: "Interior Gained 900 Positions; National Security Farewell to Interior"]

[Text] The severance of national security services from the Ministry of the Interior is complete, according to Lieutenant General and Deputy Interior Minister Dr. Sandor Ilcsik at a press conference yesterday. Thus the National Security Office, the National Security Information Office, and the Military Security Office of the Hungarian Republic were established. At the same time the material, financial, social, and health care provisions of these organizations will continue to be provided by the Interior Ministry, because at this time they do not have an independent budget. This dependence will last until the end of the year. By then the material and financial order of the functioning of the new organizations will have been established.

The organizational framework of the new services was established in such a manner that the change is not accompanied by either an increase in staff or increased expenditures, the general stressed. They were able to abide by this principle to the extent that the change resulted in a reduction of force and in savings in technical provisions. As a result of reorganizing the Ministry of the Interior and, within that, these services, they gained a total of 900 positions, which they will use to satisfy the needs primarily of new police stations and headquarters, as for instance in Zahony and in Agard. As far as technical provisions are concerned, the various police headquarters will receive 130 vehicles. This will help reduce their concerns.

"Did the Interior Ministry reconcile the present reorganization with the parties, or will the new Parliament and government once again reorganize the ranks," the reporter asked.

[Ilcsik] Quite naturally, we reconciled the chief organizing principles with the larger parties, but a reorganization of this magnitude in the near future would mean the "death" of these services.

At the press conference the deputy minister also spoke about the relationship between the Interior Ministry and the Ujpest Dozsa sports club. He said that they would consummate a cooperative agreement until 1992, until the Olympic Games. Thereafter they will recommend to the sports club that they seek other sponsors for their activities outside the Interior Ministry, because this kind of activity costs the Interior Ministry more than 100 million forints.

The large shortage of vehicles was also discussed. At present the exchange of 1,300 vehicles would be warranted; of these, Merkur confirmed the delivery of only 380 vehicles. Thus the Interior Ministry was forced to announce an invitation for bids for the importation of 3,000 vehicles.

MDF's Jeszenszky on His Party's Foreign Policy Concepts

90CH0100A Budapest MAGYAR NEMZET in Hungarian 31 Mar 90 p 2

[Interview with Geza Jeszenszky, chairman of the Hungarian Democratic Forum's Foreign Affairs Committee, by Janos Tisovszky; place and date not given: "The Foreign Policy of the MDF [Hungarian Democratic Forum]: There Are No Fundamental Differences"—first paragraph is MAGYAR NEMZET introduction]

[Text] In conjunction with the elections in Hungary, many of the reports, analyses, and commentaries in the Western press have been rather pessimistic about the stability of Hungary's future. In its attempt to characterize the various parties succinctly with a single adjective each, the Western press has oversimplified the picture it formed of them. Overall, it has often presented Hungary in a less favorable light than it did in recent months. Has emphasis really shifted in the West's assessment of our country, and do official circles share this

response of the Western press? Those were the questions we asked when we interviewed Geza Jeszenszky, who heads the Hungarian Democratic Forum's Foreign Affairs Committee.

[Jeszenszky] In my opinion, Hungary's reputation abroad is not the most important element of Hungarian foreign policy. Now especially, however, the recognition and realization are growing that our country's image abroad is very important; indeed, that it is a factor which significantly influences our foreign policy. This applies to the opinions countries form of one another in general, and also in relation to some particular event—such as an election, for instance—or a particular party. As a historian who made a 15-year study of how the West, primarily America and Britain, viewed Hungary during the past two centuries, I was aware of the very unfavorable image formed of our country at the beginning of this century, thanks to Bela Kun, the white terror, and the Horthy regime. The Rakosi era made that image even blacker. The 1956 revolution was what changed that image immensely and restored the reputation of the Hungarian people. However, it took exactly what happened here in Hungary during the past two years to preserve that more favorable image. For the first time in our history, the [West's] response and interest have been unambiguously positive.

[Tisovszky] Have you intentionally omitted mention of the Kadar era, which also received favorable assessments in the West?

[Jeszenszky] Initially the Kadar era met with a very negative response. Strange as it may sound, that negative response also detracted from the effect of the 1956 revolution. Because countries usually are identified permanently with their governments, regardless of whether those governments were or were not chosen by the people. Accordingly, even though Imre Nagy and Kadar had been opponents, the opinion formed of the Kadar era was what determined decisively our image abroad. Later, from the 1960's until the mid-1980's, the Kadar government's reputation rose sharply. Actually this favorable image changed unnoticed into approbation, in the wake of the reform movement's intensification toward the end of the Kadar era. Thus the [West's] opinion developed almost automatically into a much stronger, more intensive, more profound, and now well-founded, positive assessment of our country.

It saddens me for that very reason to see serious smears suddenly and unexpectedly tarnishing that image since last September, although I would hesitate to say that the image itself has changed. Many misrepresentations, specifically about the MDF [Hungarian Democratic Forum], have appeared in the American press, particularly in the liberal papers. I do not claim that these misrepresentations immediately altered our country's image, but they do fit in well with the shift typical of the Western press since the changes in East Europe. The favorable assessments have become mixed with notes of concern lest the changes lead to some sort of regional instability, to a wave of nationalism. And this has left an opening to remarks that nationalism seems more pronounced, more readily distinguishable, in Hungary than in the other countries. Such accusations are entirely without foundation, and the MDF deserves them least of all. This phenomenon might create a stir because in the past, when our press was controlled, we were not accustomed to calling a spade a spade. Among the countries of this region, in my opinion, conditions that are conducive to any sort of chauvinism, narrow-minded nationalism, or intolerance exist least of all in Hungary.

[Tisovszky] On behalf of the MDF, you recently visited America and London. Were the misgivings and accusations one encounters in the press ever raised officially?

[Jeszenszky] These two trips, and in general the attention that the elections are attracting, have provided a good opportunity to dispel such misgivings. I would like to note in parentheses that, unfortunately, failure of the unprovoked atrocities against ethnic Hungarians in Marosvasarhely [Tirgu Mures] to arouse immediate and unambiguous condemnation, for instance, can be attributed specifically to these reservations. Instead of triggering immediate and clear condemnation, the atrocities received superficial treatment, more as a clash between distant and largely unknown ethnic groups as soon as they were freed from under the boots of the police. I feel that the West was reluctant because of these very doubts to adopt an immediate standpoint of responsible and unambiguous condemnation.

At the same time, it cannot be said unequivocally of the press in general that it is casting doubts uniformly. Political leaders use what the press writes for their own information, but it has not convinced them. Therefore, I must say, the goodwill our country has been enjoying remains undiminished, and the response to the [coming] elections also confirms this. But what I do perceive as a danger—and I am saying this not as a party politician—is that it would be detrimental not to just one party, but to the entire nation, if the MDF's possible victory at the polls were interpreted as the victory, or at least a serious threat, of chauvinism, nationalism, narrow-minded provincialism, and anti-Semitism.

[Tisovszky] As already indicated, formation of a viable government as soon as possible after the elections will presumably be the best way of consolidating the approbation preserved in spite of misgivings. Especially the leading politicians' approbation that is due primarily to the predictability and peaceful nature of the transition in Hungary.

[Jeszenszky] That is correct. Although it is not customary before elections to offer such specific recommendations regarding domestic politics, and usually the need to form a stable government is formulated only as a general requirement. But that is what the MDF, too, wants.

[Tisovszky] Has there been any quite specific hint or prompting that such stability can be achieved through a grand coalition between the MDF and SZDSZ [Alliance of Free Democrats]?

[Jeszenszky] The desirability of such cooperation is fairly obvious to the superficial observer.

[Tisovszky] On the basis of electoral support or a comparison of the two parties' platforms?

[Jeszenszky] On the basis of electoral support, and also of the party platforms. Observers, correctly, do not see any irreconcilable differences between the two platforms. However, persons familiar with the conditions in Hungary realize that what they have here is, after all, a center-right and a center-left party. Today such coalitions are not unprecedented internationally. But they are formed usually for relatively short terms, to solve specific problems, and are rather fragile in spite of their large parliamentary majorities. I would cite Israel as an example.

[Tisovszky] Do you see any difference in the foreign policy concepts of the two parties that would render their cooperation in a grand coalition impossible?

[Jeszenszky] I see the difficulty of cooperation in that the leaders of our party are moderates, whereas among the leaders of the SZDSZ I find very many who are radicals in their methods and tone, and therefore we are simply unable to maintain a dialog with them. I felt obliged to mention this in advance, to call attention to the existence of personal reasons, while pointing out that in general I do not regard the two parties as being mutually irreconcilable. It can be said that there are no decisive, fundamental differences in foreign policy. But there are fairly significant differences in preferences and emphasis. The problem is that the Western papers and journalists sympathizing with the SZDSZ attribute our common foreign policy principles only to the SZDSZ—i.e., that it is pro-Western, pro-European, enlightened, and tolerant of its neighbors. These principles apply at least equally, if not more so, to the MDF's foreign policy, yet the exact opposite is being said about us. Such misinformation is incomprehensible.

The MDF is Europe-oriented. Moreover, we mean this in its broadest sense: We are advocating an Atlantic economic and cultural community that includes the countries of North America. We are not hostile to our neighbors. Of course, we will provide the Hungarian minorities maximum support, but we will attempt to do so in cooperation with the governments of the neighboring countries, in agreement with them, as much as possible. Moreover, I dare say, we are linked by more ties [than the other parties] to the neighboring countries: The specialists in their languages and histories are in our party. I am convinced that our party will be able not only to represent effectively, or perhaps more effectively, the interests of the Hungarian minorities, but also to reach an understanding with the leaderships of the neighboring countries. And there is yet another essential difference: We, too, regard independence—including independence of the Soviet Union, and neutrality instead of membership in the Warsaw Pact—as a basic precept; but other parties, judging by their statements, are less friendly toward, and less tolerant of, the Soviet Union than we are. We believe that the Soviet Union will be an important partner of ours in future, primarily in the economic sense, and we will strive to preserve that relationship by all means. It is also true of the MDF in general that it is a moderate party, one that does not gamble, preferring to play it safe. But our rivals are more inclined to gamble; which means that sometimes they win, but not always.

[Tisovszky] The West is just now learning how to handle the new East Europe that is taking shape. Retention by the West of its favorable image of Hungary will presumably require not only that the country's domestic institutions be stable and predictable. It will be at least equally important, if not more so, that the country refrain from jeopardizing by its conduct the region's stability and predictability.

[Jeszenszky] Yes, of course, that is quite obvious. The West would like to see some kind of regional cooperation, of the sort that Vaclav Havel has proposed. Polish-Czech-Hungarian cooperation usually meets with approval. That is not so distant from the concepts of the MDF and other parties as well. I believe that Hungarian foreign policy and the foreign policies of the European and non-European powers are in complete accord on this issue. Although I am not entirely certain of this, it is also the interest of the Soviet Union that there be no conflicts here.

[Tisovszky] Since specifically the MDF has been branded as nationalist, might not its possible primacy arouse misgivings?

[Jeszenszky] I may frankly say that I have not encountered any sign of such misgivings among [Western] political leaders. I wish to emphasize once again that one or two misinformed or misled newspapers have voiced such misgivings; and they have done so not because of the MDF's lead, but in conjunction with the MDF's character in general.

Hungarian October Party Aggrieved by Elections, Parliament

25000728G Budapest MAGYAR HIRLAP in Hungarian 23 Apr 90 p 5

[Interview with Hungarian October Party chairman Gyorgy Krasso by "Marvanyi"; place and date not given: "Radical Tinkering: The Nation's Tent Is Endangered"—first paragraph is MAGYAR HIRLAP introduction]

[Text] The Hungarian October Party became known not because of its political program, but as a result of spectacular, radical functions it organized, events that are regarded as unusual in Hungary. The beginning was marked perhaps by the war on street signs in Ferenc

Munich Street. This was following by the toppling of monuments, and then by the party headquarters tent erected on Kossuth Square, near the Parliament building. Our interview with Party Chairman Gyorgy Krasso reveals that our democracy is still not strong enough to tolerate this kind of radical tinkering.

[Marvanyi] The Hungarian October Party believes that the new electoral system, the election law, is bad, and does not recognize the new National Assembly elected on the basis of that system as legitimate. As a sign of your protest you transferred to a party headquarters tent in front of Parliament. What is your objection to the electoral system?

[Krasso] This law was developed by self-appointed groups, and caused the parliament which was not legitimate to adopt it without societal debate.

[Marvanyi] In addition to this law, that parliament adopted a number of laws which advanced the changing of the system. Accordingly, should one cast doubt on the legitimacy of all of these laws?

[Krasso] Yes, all of them. That parliament should not have created any laws at all. It should have been simply dissolved. At the same time several alternative election laws should have been developed and publicized. It would have been a proper function of a referendum to make a choice from among these.

[Marvanyi] Actually, what is your complaint about the election law?

[Krasso] Aside from the fact that it is complicated and cannot be reviewed, its weakest point is the nominating system. It is the function of elections to show which party enjoys the support of how many voters, and this is not the function of a primary election. The nominating system discontinued the election character of the elections; in this way they were able to exclude the undesirable parties. One had to run candidates at least in 49 voting districts, and one had to gather 36,750 nominating slips if one wanted to establish a slate everywhere. No party was capable of accomplishing this; in my view, the purpose of destroying the slips collected was to conceal the number of slips that were false.

[Marvanyi] If I am correct, you also received the necessary number of nominating slips, together with three other members of your party. Nevertheless you burned these.

[Krasso] We did so because we regard as contrary to a secret electoral system, as unconstitutional, the fact that voters must take a position as to which party they intend to support on a slip which shows their name and personal identification number. And the election law does not prescribe in what physical condition the slips collected must be handed to those having jurisdiction.

[Marvanyi] You planned your active protest, a continuous demonstration for the five-year duration of the new National Assembly's mandate. The party headquarters tent has been at Kossuth Square for a month only. What are you going to do for five years?

[Krasso] According to our plans the country's tent will be facing the country's building. It will be a place where everything the representatives are discussing inside may be discussed freely, without manipulation and pressure. This would be none other than a permanent political debate forum. I do not believe, however, that this concept can be implemented.

[Marvanyi] Why?

[Krasso] The Budapest police headquarters has not left us alone ever since we moved to Kossuth Square on 21 March. They are continually rejecting our petitions with the greatest variety of arguments, even though we complied with every requirement stated in the law on assembly. But they are also using more refined methods; we have also had to deal with a few provocations.

[Marvanyi] Accordingly, you do not predict a shining future for radical opposition outside of Parliament at the beginning of democracy.

[Krasso] Unfortunately not. Those in power today use the same methods against us as did their predecessors.

MSZP To Advocate Social Democracy; Christ's Martyrdom Cited

25000728H Budapest MAGYAR HIRLAP in Hungarian 7 May 90 p 3

[Interview with Ivan Vitanyi, initiator of the MSZP [Hungarian Socialist Party] Social Democratic Forum, by Eva V. Balint; place and date not given: "Socialists for a Social Democracy"—first two paragraphs are MAGYAR HIRLAP introduction]

[Text] In recent weeks Socialist Party [MSZP] spokesmen and leaders have made it a point to stress the social democratic character of their party. On Saturday, at a conference of the party's national board, Rezso Nyers stated that from the standpoint of Hungarian socialists the only opportunity that exists is to follow the social democratic way of thinking, if they want to get rid of the successor party character that was forced upon them. But many, both within and outside the party, dispute the MSZP's commitment to social democracy.

I asked Ivan Vitanyi, the initiator of the party's Social Democratic Forum, what necessitated the fact that the MSZP now declares itself to be social democratic. Isn't this too early? Is it so urgent to fill the void created by the defeat of the Social Democratic Party?

[Vitanyi] I think this is taking place too late, because the new party formed in October broke not only with the Hungarian Socialist Workers Party [MSZMP] but also with its previous character. Its bylaws, program, and structure have been social democratic from the outset.

To put it differently: It responds to standards represented by parties belonging to the Socialist Internationale, irrespective of whether they call these parties socialists or social democratic. And we do not want to fill a vacuum precisely because we want to make clear that there is no vacuum. It is yet another question that public opinion does not sense this fact adequately, and that even part of the MSZP membership does not feel it. We initiated debate at this time to clarify this matter to them, or so that everyone would be able to decide for himself.

[Balint] The October congress regarded both the social democratic and the reform communist traditions as being of equal value. You have only the social democratic tradition left now?

[Vitanyi] The congress did not regard both as being fully of equal value; it did not endeavor to provide an accurate clarification. And this is precisely what we ought to be doing now. In the end two wings of the socialist movements came about, even if they appeared in two different varieties. One wanted to "build up" socialism by grabbing power, by expropriating, bloating, and totally increasing the state, by wiping out democracy, with a single party, with party-state dictatorship. This has proved to be a dead end street. In contrast, the other alternative appears time tested. It views socialism not as less, but as more democracy, and professes the principle of organic development. Regardless of whether these expressions are appropriate, the first path is called the communist path, while the second is called the social democratic path—socialism in the Western meaning of the term. The MSZP wants no more than a clear pronouncement that it has chosen the latter.

[Balint] You find nothing good anymore in the communist wing of the movement—not even reform communism is good?

[Vitanyi] What I just told you is a necessary simplification, of course. Reality is far more complex than what could be expressed with this kind of categorizing. For example, both wings of the Hungarian socialist movement were characterized by a dogmatic, or at least a doctrinaire outlook. Let us just consider how insensitive the social democratic outlook in Hungary was toward the national issue and the problems of the peasantry. Not to mention the Stalinist dogmatism of communists, which was closely related to the structure of their organization built from the top down. And the reality of the socialist movement was in between the two. All those who deviated from Stalinist dogmatism necessarily changed their direction toward democratic socialism, ranging from various factions, through the communists of the March Front, to Gyorgy Lukacs or Imre Nagy. And similar occurrences may also be observed among social democrats: They are turning away from their own dogmatism. In the end they were able to resolve this matter toward the end of the 1960's in West Europe, the Germans with their Bad Godesberg program. They also embarked on this path in Hungary, when Anna Kethly was able to work together with Imre Nagy in 1956, for example.

[Balint] Are you including Imre Nagy here? It is well known that he died as a communist.

[Vitanyi] And you should add: at the hands of communists. The fate of Imre Nagy has symbolic value indeed. He demonstrated that one must travel the entire path. His martyrdom was an act similar to that of Christ. Others, who became the victims of Stalinist autocracy in defending the communist party state until the moment of their death, are a different kind of tragedy. Imre Nagy's example was liberating, and as long as I have compared his to the act of Christ, I could say that it was redeeming because he died for a different socialism. This is the path the MSZP wants to travel, and if martyrdom need not be suffered, one must bury Stalinism as a whole.

[Balint] And this can be achieved only if the MSZP commits itself to social democracy.

[Vitanyi] Precisely. Only in this way can it distinguish itself from the communist wing which ends up in Stalinism.

[Balint] Shouldn't the MSZP change its name in the interest of stressing its social democratic character?

[Vitanyi] Why should it be changed? After all, as I mentioned before, both names are accepted within the Socialist Internationale. We are not thinking of picking up where the Social Democratic Party stopped in 1949 or in 1956. We have a right and the means to form the MSZP in such a way that it corresponds with the principles of the Socialist Internationale, and with today's Hungarian reality.

[Balint] And what is your view of the fact that other social democratic parties already exist in Hungary, at least three if I am correct? Moreover, there is, or there was, such a faction within the Alliance of Free Democrats [SZDSZ].

[Vitanyi] It follows from the spirit of democratic socialism that we do not endeavor to achieve exclusivity. We feel that even within our party it is necessary that various platforms exist, and we do not argue if others also choose social democracy. We do not want to compete; we strive for coexistence.

Political Prisoners County Chairman Accused of Corruption

25000728B Budapest MAGYAR HIRLAP in Hungarian 29 Apr 90 p 3

[Article by Hajnalka Cseke: "Was the County Chairman Jailed for an Ordinary Crime? Political Prisoners Association Scandal in Baranya County"]

[Text] "Is the Hungarian Socialist Workers Party's [MSZMP] sequestered typewriter at the Political Prisoners Association [POFOSZ] headquarters? Are they slapping each other in the face at Pecs, and do the arms of this case extend to Budapest? I regard this dispute as a show. I can prove that I was imprisoned. I was

sentenced to death in 1956 for organizing to overthrow the people's democratic order of the state. This sentence was subsequently reduced to 15 years, and then it was further reduced to eight years. Later on I was sentenced to four years in prison for making a political joke in the course of a presentation before the greater public." These are the words of Baranya County POFOSZ Chairman Kornel Kiszely. Part of the POFOSZ membership met Thursday afternoon and late evening at Pecs because of the publicity this person had received in the past.

Open debate during the afternoon was conducted in the absence of Kiszely. They summoned witnesses to prove that Kiszely was unfit to serve as chairman of POFOSZ.

The beginning of this story dates back to 23 October 1989. Five organizations jointly organized a 1956 remembrance ceremony at Pecs. On behalf of POFOSZ Kiszely agreed to handle the foundation work for a marker that was to be erected. In reality, the foundation work was performed by a mason, but when he asked for his well deserved pay the POFOSZ chairman threatened to shoot him. He chased the mason away from his home. At this point suspicion began to focus on Mr. Kiszely; several persons began to question who Kiszely really was.

First to speak among the witnesses was Mihaly Mezei, legal counsel for the local association. He said that at the time the organization was formed, he regarded the rehabilitation of as many as possible innocently convicted persons as his primary task. In those days a newly promulgated decree provided that anyone who could prove that he was imprisoned for a political crime could receive a few hundred forints of compensation. "I was shocked to find that several hundred completed forms were dumped in POFOSZ' cabinet. The secretary almost cried when she complained that the chairman prohibited the forwarding of these forms. I took action to have these data sheets forwarded to the administrative division of the Ministry of the Interior. I was also deeply outraged by the fact that several times a week, without doing anything at headquarters, Kiszely had himself driven to Budapest in a rented Toyota. Initially I wanted to sue the weekly newspaper HELYZET when it presented an article about Mr. Kiszely. But once I thoroughly examined the statements made in the newspaper I had to realize that each and every statement was true. I.e. that Kiszely had been imprisoned several times for the commission of ordinary crimes. Thereafter I discontinued seeking a correction from the newspaper, and I informed [POFOSZ national chairman] Jeno Fonay accordingly. His response was that he would withdraw my commission as legal counsel, moreover, that they would suspend my supporting membership."

Recently the membership questioned Kiszely with increasing frequency. He responded by saying that they should not press this issue due to his deteriorated health. Several persons remarked that he wasted the money he received for the elections.

This, however, did not bring the case to a conclusion. News spread at Pecs that there was a civil suit pending against Kiszely regarding some money he owed. Imre Kocsis regrets to the tune of 32,000 forints that he trusted the flattering demeanor of Mr. Kiszely. Collection efforts are under way already, but whenever the bill collectors appear the debtor says he will not hand over the organization's money to communist provocateurs.

Based on his 5,800-forint pension, Mihaly Borbely vouched for a 57,000-forint loan taken by Mr. Kiszely, of course. I learned from sentences expressing dissatisfaction quietly rumbled behind my back that "he transported half a pig to his comrades in arms in Budapest, and that he also took a sequestered electric typewriter to POFOSZ headquarters in Budapest."

In hearing the charges Kiszely smiled with indifference. He said that the convictions for ordinary crimes only appear to be such convictions. In reality he is the subject of political persecution. Thursday evening POFOSZ members expected to also see Jeno Fonay, the national chairman. Presidium member Tibor Rajna appeared in his stead. He had this to say: In his view this evening discussion may be compared to a situation in which barbarians are chasing a woman, but they are not doing so to have her, but to devour her.

"I regard this kind of persecution as indecent, and I stress that I am not here to defend Kiszely, but to defend human decency. Kiszely was a commissioned organizer; his merits include the fact that he sought out many political prisoners in the county. In any event, it is up to the Baranya County organization to confirm him in his post, or to relieve him. I do not understand why the membership has turned to the Budapest presidium," Rajna said.

"Well, that's exactly it," someone replied. "We were muzzled whenever we brought up the past conduct of Kiszely, like at the last general meeting...."

POLAND

POLITYKA Weekly News Roundup

90EP0529A Warsaw POLITYKA in Polish No 16, 21 Apr 90 p 2

[Excerpts]

National News

[passage omitted] Aleksander Bentkowski, General Prosecutor of the Republic of Poland, has recalled 45 of the 49 heads of voivodship prosecutor offices. Over the course of the next few days he will name new ones.

All the deputies present in the Sejm voted for the law ending censorship. The courts will now handle the registration of magazines.

During the first quarter, prices rose by 131.7 percent in comparison with December; wages by 58.7 percent;

incomes by 66.5 percent. Real wages, however, declined during the period by 31.5 percent; incomes by 28.1 percent. Retirements and pensions rose more quickly, and their purchasing power was 4 percent lower in the first quarter. (ZYCIE WARSZAWY).

Women's organizations protested against attempts in the Sejm and Senate "to separate and limit" the law permitting abortion from 1956; they also protested the manner of legislative work on this issue; for example, the Senate health commission has been working, as TRYBUNA reports, in a secretive manner; women's organizations were refused information; the representative of the Office for Women's Affairs was invited at the last moment; a group of priests on the other hand was invited earlier. The plan is to return to the proposal made in 1989 with certain modifications (for example, imprisonment for women having an abortion would be two and not three years; another version calls for imprisoning only those who perform the operation). An abortion could be performed only when the life of the woman was threatened.

The Polish Peasant Party "Rebirth" has concluded an election alliance with the National Party. The first party has about 300,000 members; the second about 2,000. In a joint declaration, the leaders pointed to the threats to democracy in Poland by groups of people in Poland "with cosmopolitan views foreign to us." The coalition referred to the prewar traditions of the coalition of the Christian Union for National Unity and the Polish Peasant Party "Piast" and to Roman Dmowski and Wincenty Witos. [passage omitted]

Deputy Jozef Wojcik called for making public the materials in the investigation into the murder of Bohdan Piasecki (the 16-year-old son of Boleslaw Piasecki) whose body was found 8 December 1958. The investigation into the murder produced no results. "It was suspended 29 January 1982 because of a statute of limitations. It can be firmly stated that keeping a murder committed more than 30 years ago unresolved any longer is definitely damaging from a moral and social point of view. An innocent boy became the victim of political intrigue and a victim of criminals whose immunity from punishment was guaranteed by the totalitarian system, preventing in particular the independence of the judiciary and preventing the normal operations of the investigative officials," said J. Wojcik. [passage omitted]

The Solidarity organization at the Gdansk Shipyard is demanding the government release the future partnership from the burdens that are a result of the decision to liquidate the shipyard and the removal from the Ministry of Industry "of the individuals responsible for Rakowski's decision." Solidarity is demanding management rapidly reorganize the shipyard and "a change in the old management personnel." Solidarity is demanding the deputies "more effectively defend the interests of the shipyard in parliament." [passage omitted]

Who's Who News. Minister A. Bentkowski has named Pawel Moczydlowski (age 36) director of the Central Board of Punishment Facilities; he is a faculty member at Warsaw University. He replaces Judge Romuald Soroka. The premier has named Aleksander Herzog (age 39) a lawyer, Solidarity activist, and recently its legal advisor (arrested in 1983 for cooperating with the underground Solidarity radio station) to be the deputy Prosecutor General in the Ministry of Justice. He will exercise day-to-day supervision of the prosecutors. [passage omitted]

Opinions

Prof. Dr. Jacek Wodz, lawyer and sociologist, one of the leaders of the Polish Social Democratic Union:

(Interviewed by Ewa Karwowska, GAZETA WSPOLNA No. 2, 1990)

[Answer] The confusion of concepts is so great that today whoever shouts that he is a social democrat thinks he has thrown off the coat of the PZPR. He has only not noticed that he is naked. For nothing in the meantime has been created under that coat, not even the thinnest shirt has been woven.

[Question] Life, however, cannot stand a vacuum.

[Answer] And so people are inclined to accept slogans without considering what those slogans hide. The polish political scene is at present full of people who shout various slogans in an irresponsible way, ranging from the extreme left to the extreme right, and they feel no need to explain what they are really up to. Moreover, all this is happening during a deep recession, and an economic crisis and various fireworks caused by misleading political slogans can, as history has shown many times, create an explosive mixture.

Jan Rulewski, chairman of the Bydgoszcz Solidarity region:

(Interviewed by Miroslawa Wysocka, GLOS PORANNY 30 March 1990)

[Answer] "Walesa-ism" or winning social organizations for private goals is casting a shadow across the union. It can be given a different name: the Sulejowek syndrome. Walesa is playing both sides, the union and the Citizens' Committees. He will choose the form that is the better trampoline to higher regions of political power. Meanwhile he is preparing a successor. There is talk of Kaczynski and Frasyniuk. . . .

[Question] and of Merkel.

[Answer] Perhaps. He is to be a leader who will not compete with Walesa on a national scale. In Poland at present there is a serious constitutional crisis, and Solidarity is one of the elements in the game.

Stefan Niesiolowski, deputy of the Citizens' Parliamentary Club:

(From an article published in DZIENNIK LODZKI 16 March 1990)

The era of the right is coming in Poland. It is visible everywhere, in the economy, in the language of the politicians; socialism is dying in every area. The idea of an alliance with the communist left or even the postcommunist left with the Solidarity left, although theoretically possible and dangerous for Poland, is, I think, highly improbable, for practically it would be suicide for anyone who wanted to commit his prestige to something so unpopular in society.

This idea elaborated recently by some of the deputies in the Citizens' Parliamentary Club has only accelerated the current tensions within the club. The era of the right cannot be an era of the left, and the club itself cannot conserve forever the secret decisions at Magdalenka. The debate within the Citizens' Parliamentary Club is only one of the many signs of this.

Prof. Dr. Ewa Letowska, ombudsman for civil rights:

(Interviewed by Tomasz J. Musial, WPROST 8 April 1990)

[Answer] In my opinion it is necessary to decide whether we want a revolution in this country, or whether we want evolution. I can imagine either of these two options quite easily. If a revolution, we must immediately suspend the ombudsman, the Constitutional Tribunal, and the Main Administrative Court. These institutions have encoded in themselves that they can reasonably well, if they want, serve the support of evolutionary changes. However, neither their ways of operation nor their range of authority is suitable for a revolution. I have a clear conscience so I can speak frankly and if people want a revolution, I understand and can resign my post.

Father Kazimierz Torla, rector of the Warminski Seminary in Olsztyn:

(Interviewed by Donat Duczynski, GAZETA OLSZTYNSKA 23-25 March 1990)

[Question] Are all the cleric students ordained?

[Answer] About 20 percent of the students who begin their studies with us from the first year do not finish the seminary. There are various reasons. Frequently examinations eliminate the weak students. Sometimes someone reaches the conclusion himself that he cannot meet the demands of the studies and leaves; sometimes we advise he leave. Some leave the seminary when they realize that they are not in harmony here, that it is not their place. Other times we decide that this type of personality is not suitable to the needs of a spiritual institution, and his representative gives no guarantee that he will be a good priest and we resign from the client.

Parliamentary Deputies Clubs: Who Occupies Which Seats

90EP0540A Warsaw RZECZPOSPOLITA in Polish 5-6 May 90 p 1

[Article by Jan Forowicz: "The Seats of Deputies"]

[Text] It is not at all trivial who sits where in the hall of plenary sessions of the Sejm. The location of deputy seats reflects the balance of political forces and makes it easier to communicate in the course of proceedings, and in the event of fights (after all, this does happen in parliaments too) makes it possible to separate the antagonists. This is to say nothing about the ease of distributing materials to deputies.

The current picture of the deputy chamber is different from the one which existed at the first plenary sessions after 4 June of last year. To be sure, the deputies still occupy more or less the same sectors. However, something is happening within the sectors all the time. Some deputies leave their old clubs and set up new ones. Others move, changing seats within the confines of the same club, and still others, even after quitting their party and club, do not change their place in the hall of plenary sessions.

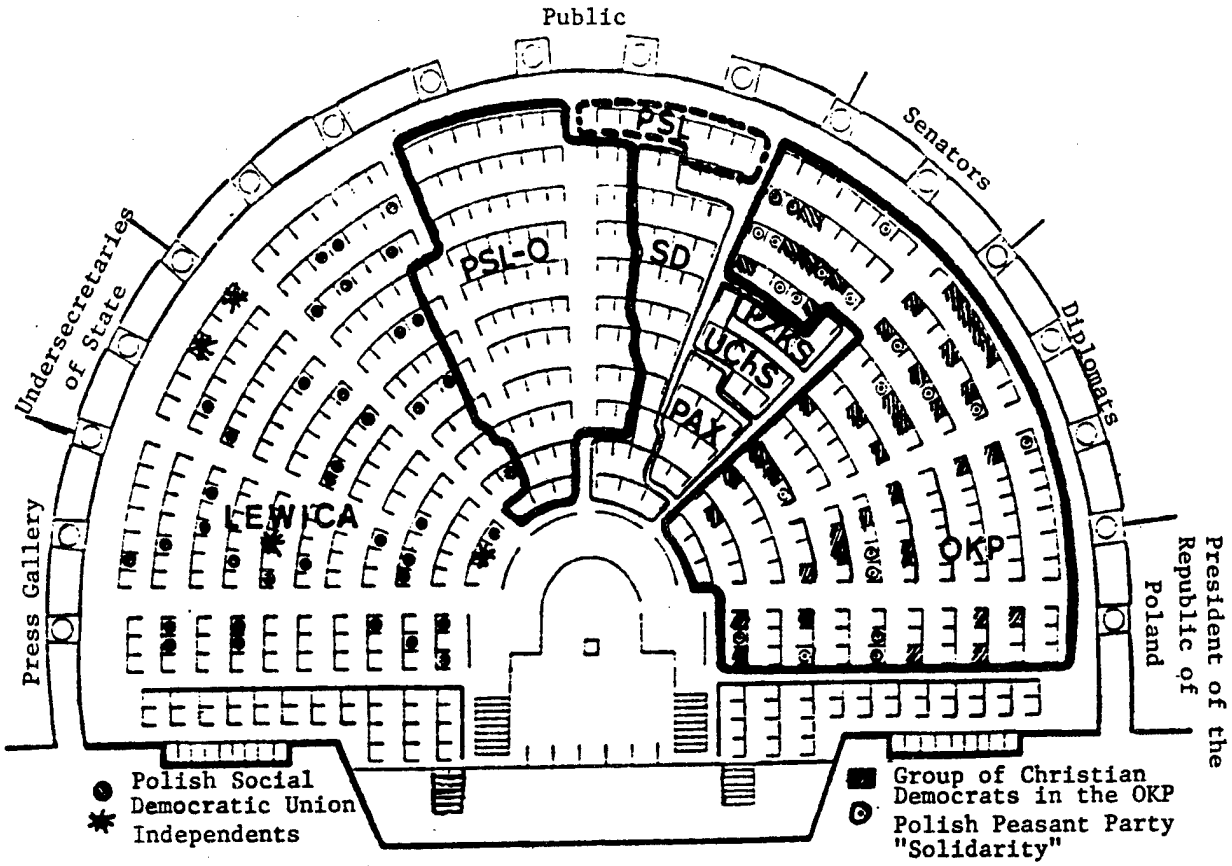
We are printing a chart of the distribution of seats in the plenary hall in order to make it easier for our readers to figure out the current situation which has emerged after the already numerous changes. It shows the sectors and the location of seats occupied by deputies, including those who have created new groups but have not changed seats in order to be together. We note that our chart represents the current situation which is still not final. This is why we will certainly revise it many times, taking into account great or small changes in political configurations.

The Left

We begin with the left side of the hall. At present, the left is represented by two large clubs, the PKLD [Parliamentary Club of the Democratic Left] and the PKPUS [Parliamentary Club of the Polish Social Democratic Union] which terms itself center-left. Both clubs emerged from the former PZPR [Polish United Workers Party]. The PKLD numbers about 135 deputies; its composition has been changing the most, and this may be the reason why obtaining precise data in the secretariat of the club has not been possible yet. Forty-three deputies belong to the PKPUS. In the chart, the seats occupied by the members of this club are represented by lined circles. In the left sector, members of the Club of Independent Deputies occupy several seats marked by asterisks.

The Center

The deputies of the PSL-Odrodzenie [Polish Peasant Party "Rebirth"] are the largest club occupying seats in the central part of the hall of plenary sessions of the



LEWICA: the Left
PSL"O": Polish Peasant Party "Rebirth"
PSL: Polish Peasant Party
SD: Democratic Party
PZKS: Polish Catholic-Social Union
UChS: Christian-Social Union
PAX: refers to Christian Social Association
OKP: Citizens Parliamentary Club

Sejm. This club is also subject to continuous transformations. At the end of April, another five deputies left it to reinforce the PSL [Polish Peasant Party] club, seven deputies strong until then. Let us recall that the PSL-O comes from the old ZSL [United Peasant Party]. In turn, the PSL carries on the tradition of peasant organizations which did not cooperate with the PZPR. On our chart, we marked the group of seats occupied by the PSL by a broken line. At the time this material was prepared, we did not know what their seating arrangement is going to be in the last rows of seats opposite the marshal of the Sejm.

The SD [Democratic Party] sector, 27 seats, is generally occupied by deputies elected on the SD ticket. We used the word "generally" because there is one person among them who has already quit the SD and another person who, for a change, continues to belong to the SD but has disenrolled from his parliamentary club.

Three other sectors are occupied by the following clubs: PAX [refers to the Christian Social Association] with 10 deputies, the UChS [Christian-Social Union] with eight deputies, and the PZKS [Polish Catholic-Social Union] with five deputies, all of them Catholic in nature, but not the only groups in the Sejm under Catholic colors. We will refer to this in our discussion of the OKP [Citizens Parliamentary Club].

The OKP

In general, the Citizens Club of Solidarity retains its initial composition formed as a result of the 4 June elections last year. However, the group PSL-Solidarnosc [Polish Peasant Party "Solidarity"] (22 deputies) and the

GDCh [Group of Christian Democrats] of the OKP (44 deputies) may be distinguished within it. The deputies justify the need for setting up internal groups within the OKP which do not destroy the unity of this parliamentary party by the obligations imposed on them by the electorate. The GDCh defines itself as a right-liberal group within the framework of the OKP. On our chart, the seats of the PSL-"S" deputies are marked by circles with dots, and those of the GDCh by diagonally lined rectangles. Let us note that in one case a deputy belongs to the PSL-"S" and the GDCh at the same time.

The review which we have offered suggests one conclusion. The political spectrum of our chamber is not stable yet, and numerous deputies change their club affiliation, alternatively undermining or honoring party unity, and looking for more effective alliances. Some of the deputies have not made a decision yet; most to do not plan to change seats at all. Some experts on Sejm customs believe that changes of name cards on the seats of deputies will continue all the way to new elections.

Apparent Lack of Public Enthusiasm for Government Successes Viewed

90EP0506A Warsaw RZECZPOSPOLITA in Polish 12 Mar 90 pp 1, 3

[Article by Anna Baniewicz: "The Dot Over the 'i': Some Notes on the Lack of Public Enthusiasm"—first paragraph is RZECZPOSPOLITA introduction]

[Text] Published here is an article by Anna Baniewicz which was prepared for the purpose of inviting readers to participate in a discussion in a series of Sunday issues of our paper. But the hands of the political clock in Central and Eastern Europe are running at such a lightning pace that postponing publication by a week would be a clear journalistic mistake. After what happened in Lithuania yesterday—and we might assume this to be the beginning of a lightning chain reaction, which is confirmed by today's news from Georgia, the Ukraine, and Romania—the ideas of the author, although they are debatable in our situation, assume an exceptional urgency. (Editor).

Many persons have asked why there is no enthusiasm among the public since no wave of special enthusiasm and involvement can be seen at present or since the time following the election success of Solidarity last June and the great public mobilization of that time, which would be needed to accelerate the changes taking place in Poland. Many factors contribute to this state of affairs: social reality is a highly complex matter. But one is tempted to name at least a few of the factors.

The 1980-81 period of Solidarity was later called a "carnival," and this designation, intuitive and accurate, contains an abbreviated description of what Professor Maria Janion at the Congress of Polish Culture later analyzed in detail as a specific trait of that memorable August. She recognized that period as a restitution of a certain socially extremely fruitful cultural pattern, specifically, the renewal of a romantic expression of our modern patriotism, formed during the insurrections of the 19th century.

The experience of August and then Solidarity, right up to a state of war, was characterized extremely passionately by the manifested emblematism, national symbolism, "lyricism" (as Maria Janion designates it) and ceremoniousness. We all remember the enthusiasm of that time, the union of national-religious symbolism, the shipyard-theater of events and that first dazzling and universal demystification of the system, social solidarity, the unusual burst of energy. It was a time of overthrowing the myth of omnipotence of the totalitarian system, returning a real hierarchy of values which could finally be loudly proclaimed. Today we have no such enthusiasm.

Perhaps, first of all, because the events of 1989-90 were played somewhat as "positivist" accessories preceded, it is true, by the romanticism of the underground, but stifled by the state of war, repressions and long years of discouragement and disbelief in the possibility of changes prevalent among the "silent majority." Speaking of "positivist" accessories, I have in mind the long road that led through the resistance after 13 December which led to the roundtable and tactical arrangements with the Communists (not through all the emotional acceptance even if these were admitted to be necessary and indispensable for the peaceful road that Solidarity chose). In the end, symbols of the state of war: Generals Jaruzelski and Kiszczak remained on the political scene. This may be the reason for the peoples' subconscious fear that has not yet been extinguished, but has been augmented by the fact that the Security Service has not been disbanded.

The peaceful road of the changes is certainly almost universally accepted, but in public consciousness, there is still a deep sense of unfulfilled historical justice which even the dissolution of the Polish United Workers Party [PZPR] does not obscure. The failure to right many wrongs (here I am not speaking of mob law or an outlaw "witch hunt"), the failure to remove many people who are evidently morally branded by close cooperation with the Communists, who caused irreparable harm or even committed crimes may, and this is psychologically understandable, arouse a sense of this moral failure to perform and the lack of satisfaction despite the fact that many changes, historical in scope, have already occurred in the country. The June elections were evidence of public power but even they could not evoke lasting enthusiasm since they were not completely free; their results were also inconclusive. The "revolution" channeled through the alliances, occurred without the exciting spectacularity of August and could not bear the fruit of public enthusiasm. And perhaps there was enough of this spectacularity: the whole country showed the emblems of Solidarity during the elections, free speech broke through to public consciousness. But it was as if the echo of August '80 was weaker because it was repeated. The fact of the first free, publicly controlled

elections since the war was a novelty, but it was obscured by the reservatio mentalis mentioned above since not all could be freely chosen. Also, as the count showed, the elections did not have full attendance. This was the reaction of the "silent majority" which may even have sympathized with Solidarity, but stood aside, completely distrustful of the possibility of success.

Is our society still more communized? Why do the evident, if slow successes of the government of Premier Mazowiecki not evoke universal enthusiasm? Why do the changes in central Europe and the Soviet Union, historical in scope, proceeding like an avalanche, not help to release public energy? Today we must not, cannot miss the tremendous political-psychological significance of Lithuania's heroic decision, regardless of what the resolution of the events will be.

In a curious interview published in TYGODNIK SOLIDARNOSC on 2 March of this year, Alain Besancon says that no country in Eastern Europe has yet shed the Communist uniform. One cannot fully agree with this statement. We have already shed certain forms, although actually much still remains to be done, many psychological, social and political events which sometimes are evident even in those who are building a legally governed state must still be surmounted. Communism has left its mark on almost everyone. Neither do I share all of Besancon's very critical notes pertaining to the tactics of Solidarity. Besancon accuses Solidarity of trying, together with the Church, to "avoid a political battle aimed toward clearly defined goals, freedom and independence," stating that "now agreement has come to reign between the crushed Communists, Solidarity and the Church." The "cabinet game," as Besancon describes it, between these entities is utopian and disastrous. But can we speak of such complete agreement with the Communists? I doubt it, although it is obvious that tactical agreement with them was reached with acceptance by both sides. I believe, as is evident in practice even now, that that agreement was only temporary and goal-directed. PZPR disintegrated, the repainted United Peasant Party and Democratic Party are losing their influence, and the whole alliance is already factually nonexistent.

Somewhat too vaguely does Besancon speak of this agreement. Moreover, we must not lose sight of a certain basic delimitation that differentiated the participants of this agreement in the sphere of admitted hierarchy of values and goals as well as of the past and tradition. And had there been no "cabinet" agreement, the street would have supplied political arguments. I do not believe that Solidarity and its government would fail to aim toward freedom and independence; there is more than enough evidence for this in the present reality. It seems to me, however, and here Besancon is right, that we are moving toward this independence somewhat too slowly, that a certain acceleration is needed here. The French author very properly links the lack of independence with the attitudes of the public and with a lack of its self-mobilization. This public already has, as he says, a sense of personal freedom (because terror is gone) but does not yet have a sense of civic freedom. In his opinion, the key to changes is political, not economic freedom, and the means to these are completely free elections.

This is a very cogent note. It seems to me, however, that we can go further with these suggestions. Free elections would certainly mobilize the public (and we are speaking of their being set ahead), but we cannot organize them from day to day since this requires manifold preparations. But it would be possible even now to proclaim the independence of our country. In public consciousness, there persists a conviction that we are not completely independent of the USSR. A formal confirmation of independence would undoubtedly have a tremendous effect on public civic consciousness, on public emotions, attitudes and bearing. Through the ideal of freedom, that very real component of our national identity, must be understood personal freedom, which is, however, impossible without the country's freedom. Recognizing the state as one's own, identifying fully with it (which in turn sets in motion the mechanism of subordinating one's own interest to broader interests) is impossible without this.

I am afraid that there are still many people who continue to identify the state with "them," for whom the "i" in the dissolution of communism has not yet been dotted. The government of Premier Mazowiecki has already done much and has undertaken actions in a sphere as important as national symbolism: the eagle already has a crown, our state is once again called the Polish Republic. However, this is not enough. The crowning of these changes might be the proclamation of our independence. This would give a strong impetus to generating public enthusiasm and setting in motion the romantic ideal rooted in the society which proclaimed—let us repeat—that individual freedom is impossible without freedom of the fatherland. Public enthusiasm would have a bearing on the economic sphere and would annul the seemingly universal notion that the next crew, this time belonging to Solidarity, will "settle" everything for the public.

In his criticism of the present line of Solidarity, Alain Besancon, cited above, also mentions the fact of Soviet armed forces stationed in Poland, that Poland did not request their withdrawal as did Czechoslovakia and Hungary. He concludes: "Poland is at present concentrating on agreement within its own government." This statement seems to me as striking as it is fallacious. I have already written in these columns at another time about the two options pertaining to the matter of withdrawal of those forces (in the new international situation in the context of German unification); at the moment, this is a very ambiguous situation. The future (and quite likely, the near future) will show whether the idea of Premier Mazowiecki will prevail (to keep the armed forces) or that of Lech Walesa (to remove them). Stationing these forces does not interfere in any way with the possibility which I mentioned above: proclaiming a declaration of independence. Quite the contrary, this fact would at once place the stationing of these forces in a different light. In the end, foreign troops are stationed on the territory of sovereign states (vide, FRG for one). With the proviso that obviously the conditions and purposes of their stay would have to be negotiated.

Summing up therefore, proclaiming Polish independence would certainly evoke serious social consequences. Those that I have mentioned and others as well, at least, for example, the public energy needed for involvement in self-government elections, a more effective battle against monopolies, etc. It would also have serious international effects. The credibility of Poland in the eyes of the West would increase and it would give us a fully sovereign status and credibility as an independent partner with respect to the USSR.

To return then for a moment to the effect of a proclamation of the country's independence on public energy and enthusiasm, worth recalling is the reaction that 11 November 1918, evoked in Poland. There was enough enthusiasm to last the whole 20-year period between the wars. For this was not only a symbolic conclusion of many years of antipartition resistance, but also the embodiment of social ideals and dreams, the fulfillment of national tradition.

Conservative Group Accuses Government of Pushing 'Socialist' Economics

90EP0507A Warsaw RZECZPOSPOLITA in Polish 19 Mar 90 pp 1-2

[Interview with Rafal Krawczyk, economist, president of 'Dziedzictwo' [Heritage] Foundation, by Piotr Aleksandrowicz; place and date not given: "The Conservative Option"]

[Text] [Aleksandrowicz] You say that the creation of a program by the conservative-liberal forces in Poland is essential. Which elements should it include?

[Krawczyk] Poland needs a well developed conservative-liberal option for political balance which is clearly lacking today. Actually, the need for it has an essentially historical character and a "sucking" to the right is quite evident as is illustrated even by the makeup of the government, which is significantly more market-liberal than it would be from the complement of forces in both houses of parliament. The conservative-liberal option is, however, more difficult for people to absorb than socialist ideas directed especially to the lower levels of society, simply formulated and not requiring a very great stock of knowledge of the world. It is based on three main precepts: first, a free market understood as free competition of private enterprises. The second is the principle of unshakable right to private property and respect for private contracts which cannot be broken by the government. The third is a potentially limited role of central government.

[Aleksandrowicz] And nothing about democracy, freedom, justice?

[Krawczyk] Precisely. More knowledge is needed to understand the direct connection between democracy and freedom, defined considerably more broadly than the right to democratic parliamentary elections. Conservative thinking differs markedly from Marxism where freedom is the right to something, to free elections, to democratic institutions. Conservatism seeks deeper solutions: in freedom from something, from intrusion of the state or the collective into the life of the individual, of some neighbors into the lives of others, etc.

[Aleksandrowicz] Do you not believe that the government in its economic program is close to the conservative-liberal idea?

[Krawczyk] The economic program of the government is a certain surprise, but only from the point of view of the left in the Sejm. Generally, it continues still to be a child of true socialism. Its desire to direct, supervise, make decisions for people is clear. Despite the slogans on privatization, in practice this government worships state property and changes only the name of the bureaucratic owner from "community property" to "state treasure." Instead of deciding on a conscious preparation for its own superfluity in most economic matters, it continues to retain complete initiative in the hands of the center, even thoughtlessly breaking private credit contracts. Nothing has changed in the credit contract between the farmer and the cooperative bank: there has not been and there is not any signature of any minister. What has changed is "only" the fact that contracts were cancelled at will by the center. From the point of view of the free-market principles, failure to honor private contracts constitutes the most serious transgression. But our government seems simply not to understand this.

[Aleksandrowicz] Do you admit, however, that the government is taking action toward introducing a market economy?

[Krawczyk] If one understands it the way the Rakowski group did, then the present crew has moved very rapidly forward, moving toward a market economy by opening a market of goods and services, but in a quite lame form. We have neither a free labor market nor a capital market yet.

[Aleksandrowicz] But are we moving toward privatization?

[Krawczyk] This is only evidence that confirms the misunderstanding. Privatization must be the most essential part of the package of December statutes. Breaking the tie between privatization and freeing prices in an extremely monopolistic structure of state production and property is a direct cause of the present collapse in production without precedent even during the past years of crisis. The hopes for creating indigenous private capital announced by a plenipotentiary of the government for matters of property restructuring cannot be explained within the framework of economic reasoning. It can be explained only by assuming the preparation of some kind of "property trick" such as the idea of creating a private "Solidarity" bank.

[Aleksandrowicz] And your idea?

[Krawczyk] Democratization of property is based on a universal, not individualized and not group, labor investment and state bank deposit investment. The immediate creation of a capital market by immediately dropping all barriers to stock trading.

[Aleksandrowicz] What is to be done with those who do not work in factories but in schools, in hospitals, are students or are retired?

[Krawczyk] This is the so-called social justice argument. If one were to build a car according to this criterion, it would have four steering wheels and not one. The offering of stock depending on democratization of property is differentiated and encompasses all members of society who want to be economically active. It is not, however, an offer of the "social justice" type. Privatization is not to serve the masses, but to set in motion a chain of efficiency and create the desired prosupply factor. From the kind of cloth such as the socialized sector, everyone is entitled to something, and such a mechanism for bringing about general benefits should be sought.

[Aleksandrowicz] Let us return to the three markets. The labor market is also beginning to be formed...

[Krawczyk] The development of this market is really blocked not only by "neodrunkenness," but by the housing situation. The "neodrunkenness" is in turn evidence of the "socialistic" thinking of the economic crew. What is more, no government since 1956 has been as severe with the individual farmer as the present government. This can be explained in different ways, but the fact is brutal and loaded with negative consequences.

[Aleksandrowicz] You accuse the government of failing to take prosupply actions. Don't you think, however, that inflation must first be squashed?

[Krawczyk] When crossing a raging river in a rowboat, should one move the right oar or the left oar first? Anti-inflation success is stupifyingly superficial and depends on peoples' experiencing the unexpected comfort of lines at the shops disappearing. But the lack of lines cannot replace the production of goods which is dropping fastest and to the greatest extent in industries with growing pains. This is an unbelievable phenomenon: the support of the people for such a drastic drop in production in exchange for the luxury of full shop windows. But everything should not be left to slide in exchange for food.

[Aleksandrowicz] Should there be greater tasks for the government or should it withdraw from the economy?

[Krawczyk] This government intervenes seriously in the economy. In this sense, its liberalism is a myth. We are not speaking of a lack of intervention. The economy itself will leap onto the market track. We are concerned with its direction. We are concerned that the government intervene in order to—exaggerating somewhat—prepare for being dispensable in the future.

[Aleksandrowicz] Speaking of the conservative-liberal program, you are referring back to populism. How is that possible?

[Krawczyk] John Stuart Mill used to say that conservatives were a "stupid party." He had good reason then. Political currents that limit themselves to narrow elitism are so conservative as to be anachronistic. The success of American conservatism is the wise union of good, tested principles and its own kind of populism that depends on conscious involvement of a large number of people in a free market and a sense of participation in enterprise. In the USA, there are almost 100 million stockholders and for that reason, there is no room for socialism, and the electorate of social democrats, called liberals there, has decreased as a result of the last offensive of conservative thought which brought Reagan and Bush to power.

[Aleksandrowicz] And what does the conservative-liberal option offer outside the economic sphere?

[Krawczyk] Most of all, deep reflection on the principles of the life of society. Solutions that Marxism suggested caused the decline of all of Eastern Europe. As long as there is an increase in the number of people conscious of the fact that healthiest development depends on leaving many things to their natural course without government interference, that the theories of the Great Leap Forward are suicidal for every society, we can hope that Poland too will slowly enter the company of civilized nations of the world.

[Aleksandrowicz] What will the "Dziedzictwo" Foundation be involved in?

[Krawczyk] Like the Heritage Foundation in Washington, it will be a center for conservative-liberal political thought. It will supply the elite in public life with arguments and analyses. It will promote ideas of free competition, private property and limited government, and will elucidate the relationship between these and individual freedom.

GERMAN DEMOCRATIC REPUBLIC

Publishing Trade Confronted With Structural Change

Leipzig Wholesaler Facing Collapse

90GE0102A Frankfurt/Main FRANKFURTER ALLGEMEINE in German 11 May 90 p 33

[Article by Siegfried Stadler: "On the Mountain of Books"]

[Text] In the warehouses of the Leipzig Wholesale Book Dealers (LKG), mountains of books are turning into scrap paper. Every day, the bookstores of the country, which had depended upon allocations from Leipzig for 40 years, are canceling up to 1,000 orders. On the other hand, the publishing houses, whose total production the LKG is obligated to accept, are insisting on delivering their books, books which were conceived the day before yesterday and which are just coming from the printer. And so the mountain of literature is growing. The concentration of the intermediate book trade "in one hand" is becoming a concentration of difficulties in the same hand.

LKG chief Juergen Petry talks of "death by installment." Appointed to his office by the former SED [Socialist Unity Party of Germany] book minister, Klaus Hoepcke, Petry has become a young entrepreneur at the age of 50 who wants to turn the ruined distribution enterprise with its 900 employees in a company with limited liability into a competitive establishment. He believes in the future of the "Leipzig position." In the anteroom, the radiotelephone is beeping; if, at the same time, on the floor above this room books which are loaded on teacartlike trucks which roll on steel wheels are still being moved manually, communication becomes difficult.

After 40 years of a command economy, the LKG, like other artificially constructed VEB [state enterprise] monopolies, is a colossus with clay feet. Established as limited liability company with a party mission in 1946, the LKG soon moved into the original headquarters of the largest Leipzig book wholesaler, Koehler and Volkmar, which was ousted to the West as the last private competitor—in the guise of a state-owned enterprise. Since the majority of the publishing houses and book dealers ("people's book dealers") also belonged to the state (or rather the SED as things turned out), socialist book policy was able to initiate its game plan. Characterized by ideological rather than mercantile imperatives, it left a mountain of bound scrap paper behind at the LKG. Over the decades, the warehouse inventories grew in value to M 320 million with unsalable deadwood, which collected dust for 30 years, being no rarity. On the way toward a market economy, these items constitute an inheritance load for the publishers which could become dangerous to their struggle for survival in the future, a struggle which is complicated to begin with. In any event, the LKG chief is pressing for purging the inventory which is lying there awaiting commission sales and is clogging the storage facilities. "If there is no agreement, we will give notice to the publishers!"

The storing of scrap paper on the one hand and the absence of investments on the other hand have led to programmed chaos at the LKG. Although the enterprise had reached its absolute growth limitations at the beginning of the 1970's, it was compelled to increase turnover from the M 400 million level at that time to M 1.2 billion per year. No stagnation was permitted in the "reader country" of the GDR, even though pallets full of books were openly stored at the LKG. The more the storage facilities were stuffed full of material, the more difficult it became to extract book packages from them. Here, in the late 1960's, the introduction of conveyor belts was of little help. When book dealers wanted to back-order titles which proved to be successful sellers, delivery within 48 hours declined to deliveries within six to eight weeks all the way through infinity.

Although booksellers ordered titles in writing in accordance with announcement services which appeared weekly, both the time for delivery and also the quantities of desired titles were always left open. In order to acquire at least five copies, they ordered 500. They got four, provided the distribution code of the Main Directorate for Publishers of the Ministry of Culture so decreed and provided the Central Directorate for the People's Book Trade quotas contained these numbers. If the number of orders exceeded the size of the printing (and this was usually the case), 69 percent of the printing was distributed to state booksellers which were privileged to make 80 percent of the turnover; for private and so-called other booksellers, seven percent of the printing was left and they were permitted to make a five-percent turnover profit with this quantity. As is easily computed, there was a not an insignificant remainder.

With this remainder, the "unshortened subscribers" conducted a booming business; and it is surprising that they included not only export booksellers and Army booksellers, of the SED Central Committee, of State Security, and of the Council of Ministers, that there was not only a "Berlin program," but that the Brecht Book Stores operated by the Schall family were allowed to record "unabridged" profits. It could happen, as it did in the case of a Bismarck biography, that of three printings of the title, not a single copy found its way into the free market.

Not only did the private booksellers turn away from the LKG with the advent of the "change," they were the first ones to do so. Petry complains that "today, we are accused of much that did not lie within our sphere of influence." Nevertheless, the share of printing set aside for utilization by private booksellers has been raised from seven to 12 percent. And from now on, state-owned booksellers will also be charged transportation costs. The equality of opportunity, which is coming late, however, does not change the fact that the material conditions at the LKG are still the old ones, that the booksellers of the

country have long since begun ordering elsewhere by telephone, and can have books delivered in the country two days later. The competition has also already spoken up at the LKG. Petry says that the Stuttgart enterprise of Koch, Neff, and Oetinger is the "fairest of all of the partners which have approached us." The return of Juergen Voerster to Leipzig marks, the return of the son of the very man against whose existence the LKG was established. Petry recalls that the portrait of the father was, at the time, not accepted for display in any ancestral gallery of famous book dealers and publishers of the city. Petry should know, because as the former director of the State-Owned Book Dealership in Leipzig he was not without influence with respect to the selection of traditions worth keeping. Now, the son is returning as a helpful capitalist who is offering the LKG the use of the electronic sorting facility of the Stuttgart enterprise at a "friendship price."

Publisher Stresses Business Journals

90GE0102B East Berlin BERLINER ALLGEMEINE in German 10 May 90 p 5

[Unattributed article: "Business Literature—No Longer a Stepchild"]

[Text] To distribute literature for which there is a demand in view of the new developments in the GDR, to be an adviser on all questions of entrepreneurship—these are things which Dieter Grueneberg from the Die Wirtschaft Publishing House in Berlin regards as an essential element of the new provisions governing the image of the editing trade. As the director emphasized in the conversation with the ADN [General German News Service] News Agency, what is involved here is a greater degree of specialization according to the specific requirements in the GDR and the utilization of the opportunity offered by the opening German-German market.

The new beginning for the publishing house, whose book and brochure program, as well as the content of the newspapers and periodicals it handled under the old party and state leadership, contained a high "obligatory component" and left little room for making its own decisions, was not easy. What had to be done was to eliminate that which survived from today until tomorrow and to quickly address that which was new. A first step was the reissuance of the weekly DIE WIRTSCHAFT, publication of which had to be halted in 1983 at the behest of [Gunter] Mittag. Great reader interest and the rapidly growing number of subscribers imparted an optimistic mood to the editors even for the future, said Grueneberg. At that, the competition is said to be compelling additional efforts with respect to content and quality. After all, he said that in the GDR, in recent times, there has been the DEUTSCHE WIRTSCHAFTSZEITUNG, with its 100,000 copies, and that WIRTSCHAFTSWOCHE, which is published in the FRG, will be coming out with a GDR edition.

At the end of 1989, a new series entitled "Contributions to Economic Questions" was initiated. According to Grueneberg, reaction to the first title in the series was very positive. Among others, the following have appeared or are planned to appear in the immediate future: "Market Economy Without Ands, Ifs, or Buts," "Money, Credit, Finances From a New Viewpoint," "The European Market," "Joint Ventures," "The Change in East Europe and East-West Relationships," "Concern Strategies and East-West Relationships," "Organizing an Entrepreneurial Undertaking." The program of the publishing house has also recently taken up a series of topical reports, beginning with the now-appearing "Social Report '90" which contains information on the social situation of the GDR population and presents facts which had hitherto languished in combination safes. Plans call for a world economic report to follow, among others.

Agreements were concluded with leading economic publishing houses in the FRG to the effect that important literature on management, enterprise economy, personnel management, and other areas which are currently in great demand will appear on the market in the GDR. The first restaurant guide for the GDR, which arrived in bookstores in 70,000 copies in April, is proving to be a best seller. It introduces 2,000 of the total of 27,000 restaurants and inns in the GDR.

According to Dieter Grueneberg, the 21 newspapers and periodicals handled by the publishing house were "examined under a magnifying glass" with the goal of transforming them to be responsive to topical market requirements. In so doing, ballast was tossed overboard and the reprofiling in the interest of the readers has become clearer with each issue. Covering of costs is said to have been a decisive criterion. Thus, the existing journal NEUERER is coming out under the new title INNOVATION AND MANAGEMENT. KULTUR IM HEIM has likewise changed its name and is being presented with totally new content and appearance as NEUES WOHNEN. Modern makeup, greater attractiveness, and expanded volume are connected with price considerations in this case and in the case of other periodicals. Even in this area, there is collaboration with FRG partners. For example, the publishing house director identified the monthly periodical BETRIEBSTECHNIK, which is published by the Resch Publishing House in Munich. It is now running with a 16-page special GDR supplement.

With respect to all of the above, Dieter Grueneberg knows that the situation for his publishing house has become substantially more difficult. The previously unknown phenomenon of competition rests hard on its back. This places high demands on quality in all stages of the production process. Here, the printers must also pull their weight. Production deadlines of one year and more are no longer acceptable under the new conditions.

HUNGARY

U.S. Oil Companies Want To Explore in Hungary; Government Indecisive

90CH0129A Budapest VILAG in Hungarian 5 Apr 90 pp 34-35

[Interview with Gyorgy Szabo, deputy director general of the National Petroleum and Gas Industry Trust (OKGT); place and date not given: "The Treasury Retains Mineral Rights to Everything in the Ground"—first paragraph is VILAG introduction]

[Text] Foreign-owned Hungarian oil wells? Since a year ago, American companies have been bombarding the OKGT with requests for permission to prospect for oil and natural gas in Hungary. Deputy Director General Gyorgy Szabo, whom we interviewed, is in an embarrassing situation: In the absence of a government decision, the best he can do is to counsel the inquiring companies to be patient.

[VILAG] What has triggered this keen interest?

[Szabo] The news spread like wildfire that it was possible to get a piece of the action in prospecting for hydrocarbons. In the petroleum industry's parlance, our country has become "hot." Incidentally, it is on the prompting of the World Bank that we are attempting to gain the participation of the international petroleum industry and international financial circles. We had borrowed heavily in 1983, and now the World Bank is pressing us to open up, in order to improve our financial situation.

[VILAG] What do you mean by saying that the World Bank is pressing you?

[Szabo] Although the report may say "we recommend that the borrower do this or that," in its next review of our debt the World Bank will list everything we have failed to do, and will then stipulate that approval of its next loan to us will depend on our having fulfilled the conditions set earlier.

[VILAG] Is repayment of what you owe the World Bank in jeopardy?

[Szabo] No, but exploration is very costly, and the risk involved is huge. Everywhere in the world this is compelling the petroleum industry to spread the risk. It is in our interest to do likewise.

[VILAG] Has the World Bank been helping you?

[Szabo] Yes, in the sense that it had us commission an impartial team of American experts to prepare a draft contract. This is necessary so that both contracting parties may know exactly what they are getting into. In our business this is immensely complicated, because we may have to wait as much as 10 years for a profit, or perhaps even longer. The concise draft contract itself is nearly 100 pages long.

[VILAG] What explains this sudden interest?

[Szabo] Prospectors are keenly interested in exploring geological formations like the Pannonian Basin, even when their efforts are unsuccessful. For it is evident that at one time there was a sea here, which is a precondition for the accumulation of petroleum deposits. Of course, we also have other data. For instance, satellite photographs that are available to everyone.

[VILAG] The oil has already been extracted from the more readily accessible strata. Therefore it is possible that recovery from greater depths will be feasible only by employing costly technology.

[Szabo] That is one of the risks.

[VILAG] For the benefit of the foreign oil companies that are showing an interest, are you providing any service such as the mapping of potential oil deposits?

[Szabo] Anyone prospecting for hydrocarbons usually aims for exclusive exploration rights. Which means that he will rely solely on his own evaluation and activity.

[VILAG] In other words, someone comes along, selects an area—on the Alfold, for instance—and says that that is where he wants to explore. What happens to the land in this case?

[Szabo] He leases the land as a claim. Under Hungarian law, however, the treasury retains the mineral rights to everything in the ground. Hence the oil, too, belongs to the state. The prospector gets oil only in exchange for his invested capital. Even if the country becomes insolvent; the contract guarantees this. For this is a business that typically requires high-level technology and know-how, with the risk that the prospector may not find anything.

[VILAG] Does the given country retain mineral rights everywhere in the world?

[Szabo] Except in North America.

[VILAG] Does that mean that the U.S. Government is willing to renounce its claim to substantial revenue?

[Szabo] The question is not quite so simple. The government does get tax revenues. Anyhow, in my opinion, the extent to which private ownership is entrepreneurial is an indicator of the degree of development, and the entrepreneur should be allowed to retain a commensurate profit. Thus, in America it can be determined in black and white how much it costs to produce a barrel of oil, and that is reflected in the profits. If a government intervenes drastically, it can set various requirements in the nation's interest. But that makes the business, risk-taking, less attractive and offers less incentive for the prospector.

[VILAG] You said recently that the OKGT has been finding hardly any oil lately. Have the oil fields become depleted or do you lack the technology to reach the deeper strata?

[Szabo] According to our estimates, we have found about 60 percent of our hydrocarbon deposits. Up to now we have been able to use traditional, simpler methods. The remaining deposits are scattered, and hence more difficult to find and develop.

[VILAG] Is it possible to estimate our reserves so accurately?

[Szabo] That is geology's task and responsibility. To find hydrocarbons, our methods have to be developed. Thanks to loans from the World Bank, our equipment is fairly modern. In other words, we could provide services for foreign prospectors. For payment in foreign currency, of course, which would be to our advantage. This is also true of their using our pipelines to transport the oil.

[VILAG] If I understand you correctly, it would not pay for you to develop the remaining 40 percent [of our hydrocarbon deposits].

[Szabo] It is expedient to spread the risk. Of course, a self-confident geologist might say there is no need to bring in foreigners: He too could find the oil. According to our recent experience, however, the results have been falling short of expectations.

[VILAG] It is fairly indisputable that the participation of foreigners in exploration would be to the country's advantage, and it would not be to your organization's disadvantage, either. But you would be creating your own competition that could force you out of drilling completely!

[Szabo] Look, the Hungarian treasury will leave it up to us to decide where to explore ourselves, and what areas to relinquish to foreigners. And it will be expedient to pursue our interests in this respect. An entrepreneur might sink a dry hole at a cost of several million dollars. In that case his loss would mean a savings for us.

[VILAG] It is remarkable that mostly American companies are showing an interest.

[Szabo] Companies from other countries also have shown an interest, but they too have American links. It can be said with slight exaggeration that America controls the world petroleum industry.

[VILAG] How many companies have come forward so far?

[Szabo] About 40.

[VILAG] May Hungarian private entrepreneurs also be considered for exploration?

[Szabo] Yes, of course, in prinicple. But to illustrate the costs of such a venture, we might not even consider an exploration program whose budgeted cost is less than $15 million.

[VILAG] Do you intend to grant exploration rights to a single company?

[Szabo] No. We will invite tender offers in a so-called easing round, and there might be several rounds. Companies wishing to participate will first have to pay a minimum of $10,000 to reimburse our expenses, including the costs of a comprehensive analysis of oil reserves. This payment entitles them to lease one of the concession blocks available anywhere in the country. A block is an area of about 400 square km. Then, after a certain interval, we will repeat this round for the blocks still left. Incidentally, there was something like this once before in Hungary. In 1935, the predecessor of what is now Exxon bought three blocks and found oil in one of them, e.g., in Lovaszi. It is interesting to note that the contract drafted 50 years ago is not yet out-of-date even today.

[VILAG] How will the best tender offers be identified?

[Szabo] We will award exploration rights in the blocks to the bidders who offer to undertake the most work and to invest the most. The exploration program covers a period of five years.

[VILAG] By what method do you select the blocks?

[Szabo] We offer blocks primarily in the areas that we ourselves do not intend to explore in the coming years.

[VILAG] Do you conclude agreements in advance with the property owners?

[Szabo] No, that will be up to the foreign companies. But it is always possible to reach agreement with property owners. I am able to say that on the basis of our own experience. Sometimes, however, a case may end up in court.

[VILAG] The invitation to tender merely appears to provide a level playing field. After all, you are able to specify where competition is unwelcome.

[Szabo] Domestic oil companies everywhere enjoy an advantage. The foreign companies submitting tenders know this.

[VILAG] When will you schedule the first round?

[Szabo] For the time being we are not authorized to announce an invitation to tender: The government, regrettably, is refusing to assume responsibility for making a decision.

[VILAG] For a year, then, you have been stringing the foreign companies along with empty promises?

[Szabo] We have run out of ideas on how to gain more time. All we can do is to tell them: "Gentlemen, these are merely exploratory talks; we do not have the authority to negotiate." Meanwhile, time is running out, the country is "cooling off," and interest is declining. One company, for example, is already conducting explorations in Bulgaria and has had a favorable offer from the Soviet Union.

[VILAG] Why is the government refusing to assume responsibility for making a decision?

[Szabo] Ministries other than the Ministry of Industry, mainly the Ministry of Trade, foresaw difficulties. The interesting part of the emerging problem is that the monopoly of the foreign-trade "lobby" could be in jeopardy. Up to now trade in mineral resources has been Mineralimpex's turf. But if we become the treasury's agent, we will have to undertake those tasks. Because this would deprive Mineralimpex of substantial revenue, the ministry wanted to keep petroleum sales within its own sphere of competence.

[VILAG] What advantage would you have over Mineralimpex?

[Szabo] In our opinion, only an organization working closely with the oil industry can market petroleum effectively. Therefore we refuse to recognize the license of either the World Bank or of an independent trading organization. We are able to coordinate domestic production and processing on the one hand, and marketing and transportation on the other. And we can also cooperate with the refineries in neighboring countries. We have been fighting for this right, unsuccessfully, for ten years. We even asked Mineralimpax to form a jointly owned corporation, but it declined. But now we have to be more demanding and cannot be burdened with an organization of dubious efficiency. A few dozen experts could handle the work involved, and there is no need for an import-export organization with several hundred employees.

[VILAG] The oil business does not recognize national boundaries. Is it possible that you might also venture farther afield?

[Szabo] The past 40 years have done the petroleum industry the most harm by making it completely extensive. You cannot operate efficiently that way. One result of having nationalized the privately owned oil companies in 1948 is that today we are being forced to lay off valuable employees in the provinces, because we cannot afford to employ them efficiently, and they lack sufficient know-how to allow us to use them abroad. They learned Russian needlessly. After all, English is the petroleum industry's lingua franca.

[VILAG] Then it appears that they will remain stuck here at home for a long time.

[Szabo] Being an optimist, I hope that this slimming down will be only temporary. The more so because the World Bank also recommends that we seek opportunities for economical exploration anywhere in the world. That, too, requires a government decision.

Self-Declared Bankruptcy: Vague Mandate Continues in Force

25000728F Budapest MAGYAR HIRLAP in Hungarian 10 May 90 p 3

[Article by "Cs. K.": "Bankruptcy Law Will Not Change"]

[Text] The law which modified bankruptcy proceedings will continue in force. As reported earlier, beginning on 1 May 1990 business organizations are obligated to initiate bankruptcy proceedings in court against themselves even if they have discontinued making payments. At a joint session of the parliamentary Committee on the Budget, Taxation, and Finance, and the Committee on the Economy yesterday, the committees rejected a proposal advanced by representative Ivan Szabo (MDF [Hungarian Democratic Forum]) to suspend implementation of the law until 1 September 1990. At the same the two committees decided to establish an ad hoc committee to render the provisions of the law in clear language. The ad hoc committee will include legal and economic experts.

The greatly anticipated committee debate deals primarily with the phrase "which have discontinued making payment." This expression was used in the amendment to the bankruptcy law, and was the source of much misunderstanding. Speakers argued for or against the suspension of implementing the amended bankruptcy law on a nonpartisan basis, nevertheless everyone agreed that the wording of the law provides an opportunity for everyone to interpret the provisions according to his own interests. For this reason several proposed that first they should developed a uniform interpretation, and that economic consequences should be argued only thereafter.

According to Szabo, who proposed that implementation of the law be suspended, the law favors primarily the large enterprises which constitute loss operations, and clearly strikes the large number of small and medium sized enterprises. For this reason he asked that implementation of the law be suspended until 1 September. In Szabo's view the incoming new government may develop a proposal for an effective solution.

Justice and finance ministry experts defending the provisions stressed that a three-month delay would serve only to further increase the indebtedness of enterprises to each other, an indebtedness whose estimated volume amounts to 200 million forints.

Hungarian Economic Chamber Vice Chairman Jeno Zanyi announced that the Chamber turned to the Constitutional Court, because in the Chamber's view the law cannot be understood and therefore its enforcement would violate the Constitution.

After lengthy debate, members of the two committees rejected Szabo's proposal with a one-vote margin. At the same time they decided about establishing the ad hoc

committee to interpret the law. Meanwhile work has begun on a new draft law concerning liquidations. It is expected to be placed before Parliament in September.

POLAND

Government Security Sales Slow; Low Public Interest

90EP0555B Warsaw GAZETA WYBORCZA in Polish 8 May 90 p 2

[Article by jost: "Securities Are Not Moving"]

[Text] Interest in the second issue of stocks by the state treasury continues to be low. From 1 December until 20 April, the BP PKO [Polish Bank Polish Security Bank] sold a total of 31.3 billion zlotys' worth of stocks, while the Food Industry Bank [BGZ] and cooperative banks sold stocks totaling 12.886 billion zlotys through the end of April.

For the first month and a half, following the beginning of the sale of stocks in December of 1989, people purchased stocks for more than 25 billion zlotys, or more than the total for the next 3 months. However, one cannot speak of a constant tendency toward decrease for the BGZ and cooperative banks sold stocks totaling nearly 973 million zlotys during the first 10 days of April, less than 600 million zlotys during the second 10 days and almost 1.5 billion zlotys during the third 10 days.

What makes the situation so disturbing is that one-third of the year 1990 has already passed, and in the state budget revenues for the entire year from the sales of stocks were projected at 4.1 trillion zlotys.

There are several reasons for the weak sales. People do not have money (which is yet another argument against the possibility of rapid privatization of the economy from domestic stocks). Moreover, work on privatization laws is moving at a snail's pace. Several days ago a list of five enterprises which may be the first to be privatized was handed out. Meanwhile, the major attraction for purchasers of stocks was to be the possibility of exchanging them for shares of companies of the state treasury at a 20-percent credit.

Another matter, and the most frequent argument voiced by opponents, is that the purchase of stocks may be tied in with the freezing of funds for as much as 10 years. This applies to a situation in which a purchaser who will not trade government securities for shares has nowhere to sell them because there is no stock exchange. He may also fail to meet the earlier deadline for the purchase of securities by the state. The drawing of lots will take place twice a year for 5 years.

Moreover, the interest on securities, which will equal the rate of inflation through the end of 1994, will then amount to only 3 percent per annum.

Wojciech Misiag, deputy finance minister, told GAZETA WYBORCZA that he is not afraid of a budget shortage cause by a lack of money due to the sale of securities. He said, "It is obvious that I would prefer to have these monies today than to have them in 6 months. However, when this year's budget was planned it was projected that sales would 'move' only after the law on privatization takes effect, when the principles of the exchange of stocks for shares in privatized enterprises are known."

Communications Inspection Reveals Developmental, Technological Lags

90EP0555A Warsaw RZECZPOSPOLITA in Polish 9 May 90 p 2

[Article by Zbigniew Wyczesany: "Communications Detains the Forward March: Big Talk"]

[Text] Several communications ministers in former governments seemed to be shameless when faced with the bare facts. The level of telephone services in Poland has lagged further and further behind Europe and the world from year to year. Meanwhile, a broad section of public opinion was amazed at the "impressive" figures presented both before deputies at commission meetings and at Sejm plenums.

This big talk had slim results. At the end of 1988, the European average per 100 households was 30 telephones, while our average was 7. Because our contacts with the Western world were subject to restriction from the top echelons ("controlled conversations" and not only during martial law), the capacity of telephone exchanges and connections was not the most important issue. Today, when truly broad possibilities for multilateral and multifarious cooperation with countries on all continents have opened up, it is not ideology, not doctrine, not the activity of special services and not the ill will of the technical service, but communications technology which is halting our forward march. In addition to the lack of specialized banks, communications is at present our greatest obstacle in Poland's contact with the world. In thousands of offices, a telefax purchased for big bucks is merely an ornament for the secretary's office, for it cannot be used in foreign communications. The situation is the same for phones.

The Supreme Chamber of Control, on its own initiative, conducted a check on the supplying of communications with telecommunications equipment. The purpose of the check was to assess industry's implementation of tasks emanating from the program to make the national economy electronic between 1986 and 1990. The check covered several dozen enterprises which produce for PPTT [Polish Posts, Telegraphs and Telephones], municipal and rural exchanges, transit and intercity exchanges, teletransmission equipment, telephone apparatus, subscriber equipment and the like.

Sad but true, the check showed that the proposals contained in the 1983 government resolution and other

Government Presidium decisions were not implemented. Only 57 percent of deliveries of municipal telephone exchanges were implemented, 60 percent of cable deliveries were implemented and there were tremendous delays as well in the delivery of modern elements and subassemblies from the electronics industry. Delays of up to 24 months in the implementation of investments, including projects coming under government orders, were recorded in all of the enterprises in which the checks were done.

The basic causes of delays in the attainment of projected production capacities were incompetence in the conducting of technological startup and the acceptance for use of facilities which were not fully completed or which had many defects.

In the past 2 years, there was a decline in production and deliveries of equipment for consignees, including PPTT.

During the course of the inspection, assessments were also made to determine how up-to-date present E-10A system exchanges and future U-10 system exchanges produced in Poland are. It was ascertained that these exchanges cannot be considered suitable for the future application of a modern telecommunications network in Poland having the capability of cooperating with international digital networks, whose family includes such representatives as the 12 systems (the USA-ITT Concern), SESS-PRX (Bell-USA Concerns and Philips from Holland) and the NEAX system (the NEC Concern from Japan). Central exchanges manufactured in Poland are based on technologies applied in developed countries from the beginning of the 1970's. These exchanges are marked by great materials-intensiveness, considerable bulk and excessive energy-intensiveness and they are, in reality, unsuitable in a modern telephone network. At least this was the opinion of the Communications Institute in Warsaw, which was queried on this matter by the NIK [Supreme Chamber of Control].

Automotive Industry Enters Deep Recession

90EP0564A Warsaw POLITYKA in Polish No 19, 12 May 90 p 5

[Article by Pawel Tarnowski: "A Tarpan in a Dealership"]

[Text] Great changes sometimes come unnoticed in a pileup of other changes. As little as a year, and certainly two years ago, it was worthwhile to bow respectfully to the minister, smile at the director of the respective department, oil the palm of the manager of a "dealership," and turn around an allocation voucher or an official car. Officials and producers dictated the terms of sale. There was no trade but only distribution in the automotive industry. Cars were produced mostly for those highly placed and established, and yet there were not enough cars for everyone.

Today, it is different. The output of cars in Poland is falling; private imports effectively snuffed out by customs dues have almost ground to a halt; yet, the cars sit there and await esteemed buyers. Would you like a Polonez? Here are the keys. You want "the little one," a Fiat 125p, a Tarpan? We will be grateful if you sign the contract.

From the beginning of 1990, we suddenly had a completely different market, such as had not existed in Poland in this industry for 50 years. The slogan "a customer's wish is our command" has come back without fanfare and applause. One may pick and choose. There is no need to be in a hurry buying a car. The service may not be such as it should be, but this is only the result of old habits of the salesmen demoralized by many years of dictate over the customers. Certainly, deep down they dream about the return of the good old times. However, the probability of this is, fortunately, minimal.

The reasons for this "miracle on the Vistula" which also affects many other goods are obvious. A jump in prices for all cars produced in Poland combined with a general decline in the real income of the populace has depressed demand to such a degree that there is a glut of new cars, despite the declining output of car works. Time flies, and, with the exception of those most interested, not too many people remember that in early 1989 a Fiat 126 cost 1.8 million zlotys, an FSO 4 million zlotys, and a Polonez 7 million. At present, prices for the same vehicles are 21 million, 26,650,000, and 35,900,000 zlotys. Actually, both sets of prices were fictitious because they apply to "stripped-down" cars without any additional equipment. In reality, much more has to be paid, for example, between 39 and 45 million zlotys for a Polonez. One way or the other, it was a huge jump, large enough for the customer to suddenly turn from an interloper into an expected, though still not pampered, guest.

In theory, having encountered for, perhaps, the first time time in their lives what to them is an exotic demand barrier, the producers could: Increase exports, reduce output, lower prices, or, finally, look passively at how unsold stocks mount.

Little Leeway

What has been done? Everything and nothing, because the theoretically large leeway turned out to be very small in practice. Unfortunately, a significant increase in exports is not in the cards. Polish cars are obsolete, their quality is poor, they are produced in excessively small batches and too expensively. In January 1990, the exporters received an average of $2,012 per car. The Polmot sold primarily "the little one" and the Polonez. Therefore, it is easy to calculate that these transactions were not profitable for the producers, especially now that preferences for dollar-denominated exports no longer apply. Meanwhile, the plants have neither managed to

produce cheaper or sell for better money. Dreams about the conquest of foreign customers have to be postponed until later.

A gradual decline in the number of cars produced and consent to the growth of stocks appear to be two different ways of committing economic suicide. Even at present the modest volume of production at the two plants is one of the essential reasons for excessive prices. In turn, large stocks mean tying up funds and the need to secure excessive loans at high rates of interest—in short, once again losses and unnecessary expenditures. However, the Polish plants are increasingly producing "for the warehouse," hoping that the government will yield to pressure, ease up on the economy, and more money will find its way into the pockets of citizens. However, are they not, by any chance, miscalculating?

At first, the management of the FSO [Factory of Passenger Cars], FSM [Compact Car Plant], and the Poznan Plant raised prices sky-high in February of this year unceremoniously, proceeding from the assumption, proven many times over, that a real motoring enthusiast will swallow anything. However, when the sales unexpectedly and drastically dropped, feverish maneuvering began.

In March, prices for "the little one" and the "b" model sold directly by the plant were reduced by 4 million zlotys for three weeks. Jerzy Siemianowski, FSM director for production, attributed this to the need to encourage the clients to buy in the typically low winter season. However, it was known from the beginning that given such prices the lack of movement would certainly run longer than that.

When announcing the reduction, representatives of the factory said from the very beginning that it was exceptional, and this time they kept their word. In April, everything went back to normal—that is, everything except sales.

The cars are still "not selling well," and the plants are trying to adapt to the new situation in various ways, so far with poor results. If someone has 2 or 3 million zlotys to spare, he can buy, for example, "the little one" on installments, taking out a loan at the Katowice Commercial Credit Bank and bringing with him two creditworthy cosigners. However, there is no crowd of those wanting a car in either the bank or the plant because it turns out that, after 24 monthly installments are paid, "the little one" would cost 43 million zlotys (of course, the money can be paid back faster, in which case the cost is lower). Therefore, it is better to borrow money from your mother in law and buy a Polonez with this money right away. The Car Plant in Antonik near Poznan lures us with an installment system and stretching out the payment of between 26 and 29 million zlotys for a Tarpan; however, it is, perhaps, only financial desperadoes who take these offers. Others make calculations and wait.

Unlike Bielsko Biala and Katowice, there are no installment sales in Warsaw. Price reductions are the prevailing fashion here. A customer who purchases a Fiat 125p in the sales outlets of the plant receives a rebate amounting to five percent of the official price. This was the case in April and will be until 15 May. However, here as well, the customers are not falling over themselves trying to grab cars. At present, the FSO assembles an average of 300 cars daily while selling 100 through its own sales chain. Polmozbyt still takes some of the output, but the stocks keep growing nonetheless. At present, these are calculated to be 6,000 to 7,000 cars. The pileup would be smaller if it were not for freezing the sale of prepaid cars.

Except for the interested party, everybody must have received the breakdown of the Polmozbyt monopoly on the sale of new cars with relief. For several weeks now, the FSM and the FSO have been developing their own chain of sales outlets. The latter company has as many as five outlets in Warsaw; in addition, it sells cars itself in Opole, Elk, Katowice, and Gdynia. The FSO directors have also been persuading the management of all of its branches to get involved in selling new cars. The Automobile Club sells cars "off the conveyer" on behalf of the plant in the Warsaw Exchange; the "Damis" Company distributes them through other exchanges. Lech Bednarek from Gdansk recently became the first private sales agent of the FSO on the coast. Negotiations with others are under way.

	1981	1984	1988	1989	1990*
	Thousand Zlotys		Million Zlotys		
FSO 1500	254	740	4	18.6	27-29
Polonez 1500	330	1,000	7	25	36-45
Fiat 126p	130	310	1.8	12	21-23

*Beginning in 1990, new cars may be bought at exchanges cheaper than from producers.

When Will the Wall Come Down?

As a result, Polmozbyt, at least some of its branches, has to reduce its brokerage commissions. However, Polmozbyt is only beginning to learn how to respond flexibly to developments in the market. Besides, the financial situation of this company is very bad. There is no money not only to purchase cars, but even for the spare parts needed for repairs under warranties.

Some of the new middlemen publish advertisements which suggest that they sell cars "over the phone," in a choice of colors, and deliver the cars to the doorstep at no extra charge; if the customer himself gets into the car and drives all across Poland they pay for his gasoline. This shows that a breath of normal, fresh air is reaching the automotive trade. The unhealthy arrangement when clunkers a couple years old were more expensive at exchanges throughout Poland than brand-new cars

becomes irrevocably a thing of the past, and the producers begin to think harder and harder about ways to sell their obsolete merchandise, which was snapped up until recently.

Will all of these measures be enough in order to promote or at least maintain demand for domestically produced cars and thus ensure the survival of the plants? It is rather doubtful. The producers complain that the government is finishing them off with taxes. However, they continue to be in the comfortable situation of a darling protected by a mighty customs wall making it virtually impossible to import Western cars which are much better and not as fuel-guzzling. It should be recalled that in 1989, 120,000 foreign cars were brought to Poland. This year, it has been mere hundreds! At present, the products of our domestic automotive industry are purchased because we have no choice, especially at prices that high. However, this is not going to last forever.

One day, this wall will disappear. The producers would like to postpone this moment as much as possible. The motorists hope that, quite the opposite, it will come tomorrow. Unfortunately, this also appears to be an illusion. Despite an indisputable success in achieving equilibrium in the Polish balance of payments this year, the latter is not on a solid enough footing to survive such a test. Reducing customs dues will take time. For a year or two, car producers can sleep in peace. What happens later? Perhaps, more leeway will appear in this market.

Meanwhile, the reaction of the car producers to date indicates that, despite everything, they regard the current balance of forces as a temporary phenomenon. Attempts at controlling the cost of production undertaken by the FSO and the FSM appear to be extremely feeble. Apparently, the view prevails that, if the people do not want to, or cannot buy cars at present, they will definitely yield tomorrow. After all, the iron fist of Balcerowicz should not be there forever. Pressure to increase wages is likely to mount. In this case, new prospects will open up for the bolides of the type of "Polonez-restyling" or "the little one-super turbo."

The assumption that this is exactly the reasoning of "the fathers of Polish motoring" can hardly be considered an exaggeration. After all, there is circumstantial evidence to this effect. Acting in keeping with the maxim "he who does not oil does not get to go," the FSM is beginning to sell bonds for purchasing the "X," or the successor of "the little one." The cost of this "security" is 10 million zlotys. The interest rate equals that in the PKO [General Savings Bank] on passbook accounts. Anybody may spend as many millions as he wishes to play this game. No restrictions apply in this matter. In return for providing a loan, the purchaser of the bond receives a guarantee that in 1992 or 1993 the plant will sell him a car at the unknown price. Is this enough of an incentive? Sure, they say in Bielsko, because in 1992 and 1993 it will be impossible to purchase the "X" (the name "Halny" is not being accepted easily) otherwise. The entire remaining output will be exported. In other words, the producer once again counts on all of us being prostrated at his feet and seeking his favor in three years when he, certainly having failed to take care of old prepaid [deliveries], will dictate the price (God knows how high) for its as yet unknown product, as well as all other conditions.

It Is Sad and Getting More So

However, I hope that this will not happen, and in three years the people with average or good incomes will buy a car of their choice in Berlin, Frankfurt, or Budapest. Meanwhile, FSM Director Welter, whom the Employee Council has accused of mismanagement, apparently in error, has a different idea: He counts on finding 25,000 people who have 10 million apiece and at the same time have no belief that the situation in Poland will change at least a little bit for the better, that the insane dictate of the producer will disappear, and that it will be possible to buy cars normally, even if still expensively. I do not wish the director well because I find this scenario of events utterly disagreeable. However, I do not believe that potential customers will be taken in by this trick. Our society does not have so many rich pessimists who, on top of it, want to play with unknown stakes.

However, even if these pseudobonds (what an unfortunate name!) are sold, there is still no guarantee that the plant will have enough money, and the "X" will begin leaving the assembly lines en masse at the appointed time. The sale of illusions may yield at best 250 billion zlotys. At present, the cost of starting up production is estimated to be 8.84 trillion zlotys.

It is even sadder than that at the FSO. Negotiations with FIAT have been under way for 10 years now. In July or, perhaps, August, a contract is to be signed for building cars of the "tipo" family. I am curious whether this plant as well would want to sell to the people "the prospect of a better future" because the old Fiat-125p's are not selling briskly?

Regardless of the outcome of this strife, I count on one thing—that the dictate of the producer will not come back. This reasoning, flimsy as it may be as of now, is borne out by the gradual and, unfortunately, upward equalization of the Polish and European car prices. If this is so, we should expect a decent dealership in Warsaw to have a Volkswagen, Suzuki, or Daihatsu which are no worse and not more expensive, along with the "X" and the "tipo." If anything bothers me, it is not the future of car producers but that of their customers. At present, it is not at all a given that they are still traveling in the same car.

YUGOSLAVIA

Critical Points of Economic Reform Program Examined

90BA0140A Belgrade EKONOMSKA POLITIKA in Serbo-Croatian 21 May 90 pp 10-11

[Article by D. Zmijarevic]

[Text] The first, psychological phase of the government's program for bringing down inflation ended the day it was announced that the movement of prices had finally

turned negative (the price drop in April was 0.2 percent), and the moment had come to reassess its results not only concerning prices, but also concerning all the other elements of the program and its effects. To that end, the government sent to the Assembly an analysis of fulfillment of the economic reform program in the first quarter of this year; it was in that connection that Aleksandar Mitrovic, vice premier, spoke in the Assembly the Friday before last, but the effects of the program were also focused on inexpert analyses, among which we will present here that of the Economics Institute of the Law School of Ljubljana University, known as Bajt's Institute, which perhaps goes deepest in taking issue with certain quantities and elements of the government program.

Noting that the program is right now at a critical turning point, the government analyses start with what are considered the favorable elements of the situation in which the lowering of prices has been achieved. Emphasis is put on the level of foreign exchange reserves, which, as Aleksandar Mitrovic announced, are now at a level of $8.4 billion (that is, $2.6 billion greater than on 31 December 1989), and also on the $290 million reduction of bank indebtedness abroad. Since we anticipate "an exceptionally large addition to foreign exchange reserves from the tourist season and in trade with the world," Mitrovic also said, "we expect to have reserves amounting to $11-12 billion U.S. by year's end," but at the same time he admitted that the creation of foreign exchange reserves in the country is becoming a very expensive business. Exports are also a bright spot in the government's interpretation of the program (as of 23 April, they had grown at a rate of 20.5 percent as a whole and 26 percent with the convertible area, reaching a value of $4.5 billion total and $3.6 billion U.S. with the convertible area). Liberalization of imports and the achievements mentioned in the sector of foreign economic relations are the principal trump card which are supposed to make it possible for the International Monetary Fund to proclaim the Yugoslav dinar convertible under Article 8 of its Articles of Agreement, that is, to recognize its international convertibility. That would "dot the i" of the government's success in the eyes of the international economic community and its efforts to give to Yugoslavia's economic image in the world a credibility it has not had up until now.

However, there are also heavy clouds hovering over the deflationary program—the decline of production and economic activity has been larger than was assumed. The 7.1-percent drop of industrial output in the first quarter was faster then envisaged; it is also very important that it is showing a tendency to continue that pace, while the restrictiveness of monetary policy, which is one of the pillars of the program, has brought about critical illiquidity in the economy. In his speech in the Assembly, Mitrovic denied that the level of monetary restrictions, through a further restriction of lendings, would rise to 20 percent (as was unofficially announced), and he declared that the restrictiveness would remain at the level of 13.5 percent, with exemptions for banks which are involved in agriculture and tourism (where the level of restrictiveness is only 6.5 percent). At the same time, he declared that this level of restrictiveness is not high and that it is not the cause of the illiquidity our economy is experiencing. "It has only served to expose illiquidity in the volume that it actually existed on the Yugoslav market and has detected the various dubious assets and problems of debtor-creditor relations between economic entities and of the latter with commercial banks." Alongside the decline of economic activity, however, personal incomes have behaved quite illogically; Mitrovic referred to them as an area critical to the success of the final program for bringing down inflation, since they have risen faster than was counted on. Personal incomes in January were up 8.5 percent over December, in February they were up 1.2 percent over January, but the December base had been raised 28.4 percent during the wait for the law on salaries, which was enacted with great effort and after much debate, to be cleared. The pressure of final consumption has also been boosted through social services consumption; for instance, between 27 December and 12 February, according to government figures, a total of 1.8 billion dinars, or 12 percent of the monthly wage fund, were paid out of its funds. There is a constant danger, the analysis states, for the limits on personal incomes this year set in the balance to be exceeded, which means that if the drop in the social product is greater than the projected 2 percent, and all signs indicate that this could very easily happen, the problems with the balance will be still greater.

The problem that is implicit in the excessive payment of personal incomes is that this caused a further growth of public expenditure financed from taxes. The pulling of the reins by the government so as to regulate this problem through collective agreements has not so far been sufficient, first because of the institutional problems themselves (it is unclear who the parties to such agreements should be in the context of social ownership), and second, because of the fact that the change in the regime governing the formation of personal incomes could easily bring about a new "adaptation" since then personal incomes would be formally deregulated, supported by the argument that enterprises do not have the funds to pay higher salaries anyway. However, while that applies only to a segment of the economy, it does not apply to the whole economy, still less to the noneconomic sector, which finances its salary funds from taxes and contributions.

Fiscal policy has also played a very constructive role according to the government's interpretation, a position which it documents with the facts that all budgetary obligations have been promptly discharged, moreover, with funds that were neutral from the standpoint of inflation. Although this observation does not jibe with the fact that revenues from the turnover tax, administrative fees, and other sources are larger than planned (a growth of the tax burden as an element of the anti-inflation operation).

Taking Issue With the Success

"There is no need to make any serious adjustments at all in the key points of the program (the exchange rate, the monetary limits, fiscal policy, and imports)," the government's analysis states in response to the ever greater pressures, especially to "relax" monetary policy, which have been increasingly loud and obvious in recent weeks. The FEC [Federal Executive Council] will therefore stick to all the quantities given, including personal incomes, and it expects everything to go according to plan up to the end of the year: Prices should range within the projected limits (one percent per month), the exchange rate would hold at the present level throughout the year, and in the second half of the year "correction of the trends in production" is expected thanks to the structural changes that have been initiated, foreign support and investments, and the government's plan for stimulating enterprise.

However, it is anticipated that the government will bring about the conditions for the latter to be possible only through its further moves. It itself acknowledges that the framework of the reform embodied in the system has not been completed, social capital has remained undefined, commencement of the property reform and institutional reform through privatization of the economy and construction of the mechanism and institutions of the economic and financial systems belonging to an authentic market economy is either just on the horizon or has been postponed to a time that for the present is indefinite. Actually, bankruptcies remain the only method of changing the economic structure and of reducing costs and employment.

These moves, which actually do constitute a reform (since the program for bringing down inflation has up to this point been only a mathematical operation and represented solving the easier part of the problem; the harder part comes when the results achieved have to be maintained), must be made without great delay. After all, until space is opened up for market-oriented structuring of the economy and the noneconomic sector, the present figures being recorded on the success side of the government's balance sheet remain in jeopardy.

The regular analysis of the institute in Ljubljana thus calls attention to the fact that some of the elements and results of the program in this period have also had their negative side. Among other things, there is the question of the significance of the decline of economic activity and the large growth of illiquidity to future economic performances of a policy aimed at rapidly halting inflation. When foreign exchange reserves are reassessed, it is found that they are no longer a quantity decisive to the program itself, but that a large portion of their growth derives from two "dubious" sources (which was recently admitted by Branko Dragas, vice governor of the National Bank of Yugoslavia)—the growth of export advances which exporters have been taking and which represent 100 percent of the value of the transactions contracted for, which camouflages foreign indebtedness, as does imports financed with letters of credit that have been opened or with deferred payment. During the year, according to the Ljubljana finding, these sources account for about $1 billion of the foreign exchange reserves (although there are no official figures on this), while according to certain other unofficial statements, the share of these sources is even far greater.

The growth of reserves on such a scale is itself a signal that the money supply to the economy has been "insufficient," which means that it is largely a consequence of the efforts of the economy to maintain at least minimal liquidity. Now the government faces the problem of how to increase the economy's liquidity without calling upon inflationary sources. After all, after the monetary diet it would only cause new inflation to pump new money into the economy. To pull up the monetary anchor by increasing bank lending is not, then, the solution, and in Ljubljana they propose for a start a "fiscal devaluation" or, what is popular in other regions, a lightening of the burden on the economy. With good reason, since the study points to the "disastrous resistance" of tax policy and the policy of the public sector. That is, whereas the price of labor in the first quarter of this year is about 10 percent lower than a year ago, the price of imports and exports about 40 percent lower, the costs of social overhead have risen about 20 percent. Price stability will not be able to withstand such movements any longer, and the expenditures of the public sector will, then, have to be radically reduced. In the first quarter, the real burden to finance public services and the entire public sector was about 25 percent greater at the republic level than in the same quarter of last year. This is because taxes and contributions did not adapt to the lowering of inflation at all levels of consumption. A lightening of the fiscal burden on the economy and economic entities would improve the liquidity situation without affecting the rise of prices, since the present mechanisms for setting resources aside drain them off into government expenditure or noneconomic consumption.

Another move which is proposed and which the government itself seems inclined to has to do with exports. The complaints of exporters about the exchange rate have probably borne fruit, although there can be no mention of changing the exchange rate policy itself or the relation established against the German mark because of the credibility of the program itself, so that attempts will be made to offset the actual lag of the exchange rate through larger and prompter export incentives.

Banking System Plagued With High Interest Rates

90BA0140B Belgrade EKONOMSKA POLITIKA in Serbo-Croatian 21 May 90 pp 23-25

[Article by Vladimir Grlickov: "Why Interest Rates Are Rising"]

[Text] The banks are again "on the carpet" because of the astronomically high interest rates on credits. Interest rates are up to nearly 50 percent on an annual basis, and according to some reports are even 10 percent per month in some places, which is extremely high in view of the

slowed rate of inflation and April deflation. There are many reasons for these high interest rates, and they can be categorized depending on what one wants to prove: To justify this kind of "monopoly" behavior on the part of the banks (it is not their fault that they have a monopoly)—or, to criticize them because in practical terms it is through them (the high interest rates) that achievement of an essential segment crucial to the federal government's reform program could be jeopardized. Nevertheless, throughout the entire arsenal of arguments presented "for" or "against" the high interest rates, the dominant one is the one associated with the unfavorable balance sheets of the banks, from which it is evident that their immense resources (about 70 percent of their liabilities) have been unproductively "placed in captivity." Accordingly, they cannot be put out at a normal rate of interest and revenues realized to cover operating costs, and also, of course, to realize the critical mass of profit (capital) and reserves without which there is no good credibility and business image and without which there is even a question of the bank's fulfilling obligations to the shareholders who have agreed to invest capital in it.

The Interest Rate Margin

Of course, a justification for high interest rates might be found in the expenditures of the banks that arise through pressures to increase the interest rates which they pay on deposits. Still, recent figures make it obvious that there is a great difference between those interest rates (paid on deposits) and the interest rates collected on credits. That is, the former do not exceed 30 percent per annum on the longest term accounts, and on sight deposits they are only about 10 percent—while at the same time they even exceed 45 percent on the mostly short-term credits formed on the market.

The large margin between the lending and borrowing interest rates is noticeable; on the longest term accounts it average 13-15 points, while for shorter terms and sight deposits it is considerably larger. So, on the one hand there are the interest rates on deposits, which are unrealistic if the long view is taken, and not just the last two months when we have had a slowing down of inflation, while on the other side there are the interest rates on that portion of credits on which it is possible to bill and collect, and by that means offset the loss being created on 70 percent of the resources in banks.

Losses

The kind of losses involved is indicated by the most recent figures on the business operation of the banks, which were presented without the supervisory international auditing of the balance sheet which is now under way. It is a question of a "broader" idea of the losses which the banks suffer not only in the "conventional" form of uncollected receivables, but (even) of losses incurred because of the inability of the banks, because of various kinds of restrictions and the measures of monetary and credit policy, to realize normal interest on assets listed on their balance sheet.

This derived calculation shows that only 30 percent of total liabilities (sources of resources), amounting to 523 billion dinars on the balance sheet, are available to the banks for normal "reproduction," which takes into account costs based on transactions involved in obtaining resources. In all, about 170 billion dinars are available for that kind of lending: dinar deposits amount to 75 billion, so-called miscellaneous liabilities amount to 64 billion dinars, funds amount to 32 billion (and 6.8 billion in resources from note issue could be added to that). At the same time, foreign exchange liabilities (savings accounts), which amount to 162 billion dinars, are covered by an interest rate of only five percent, and this comes from federal sources, since it has an obligation to cover that loss which occurred at one time on the basis of what was referred to as depositing savings in the National Bank of Yugoslavia. It is true that the banks are able to put out a portion of foreign exchange savings at higher interest rates (seven percent), since they keep it as a deposit abroad (the net growth of savings). But we are talking here about only $600 million and this probably will no longer be "held captive" in accounts abroad, since there are prospects that a regulation will "liberate" that foreign exchange so that the banks could turn them into dinars, thus ensuring dinar liquidity and/or considerably more attractive interest rates than those on foreign exchange accounts.

It is certain that the sum of 107 billion dinars of foreign exchange credits should also be added to this calculation concerning the impossibility of realizing interest on the liabilities carried on the balance sheet. It is worth bearing in mind that these credits have been rescheduled; for a time, interest was not paid on them; they were in abeyance during negotiations with the IMF.

It is of particular interest that in the calculation of losses by the bankers the dubious receivables, that is, those which are potentially a pure minus (to be written off or turned into owner's shares), do not exceed 6 billion dinars. Of course, the supervisory auditing of the balance sheet will show how real that figure is and what amount of new dubious receivables will be "discovered" in the various items on the balance sheet.

In any case, the financial rescue of the banks, which has been heralded for a long time, ought to ease the difficult business situation (which is clear even without the figures "revealed" about all the losses) and thereby also help to reduce the level of the interest rates of the banks on credits. The sum of 30 billion dinars envisaged in the budget for the losses and the financial rescue during this year alone indicate that the amounts involved are rather "big," and here it is clear that even this will not be enough for complete coverage (that is why reliance is being placed on the $300-400 million which it is confidently said will be obtained from the International Bank

for Reconstruction and Development in the form of a loan to restructure the financial sector).

It is not, of course, easy to rescue banks by combining this rescue with restructuring of their ownership. This is evident from the slow clearance of the Law on Federal Guarantee of Bonds To Cover the Losses of the Banks. The problems lie in the criteria for financial rescue, although they were clearly defined earlier, in other regulations. Changes are being demanded so that the banks would be rescued according to their share in total losses, not according to capital criteria and performances, the purpose in all this being to provide resources for rescue and to avoid bankruptcy.

From a detail that at first seems unimportant it is also evident that the rescue of the banks will be hard going. An effort is being made to eliminate the decision of the National Bank, actually of its Agency, to initiate rescue proceedings. In that case, rescue would require only the easily provable act that a bank with losses is taking internal steps to get out the crisis. It is not difficult to conclude that this actually involves an effort to have everything rescued in the old way, without adoption of the new market-oriented rules of the game of the National Bank or of the Agency, and without acceptance of securities as an essential element in changing the ownership structure of the bank and its founders.

Instruments and Criteria

It may sound illogical to say that the limitation of lendings is an instrument that has yielded "prompt" anti-inflation effects and at the same time to criticize it as being inconsistent with the market and unsuitable precisely because it "prevents" the better off, more precisely, the less bad banks from putting out uncommitted resources at interest as they normally would. To be sure, there is every prospect that the limit on lendings will be abandoned, but on the basis of what was said at the bankers' meeting (Executive Committee of the Association of Banks) in Milocer, one can conclude that even this will not help to create a market-oriented atmosphere in banking.

The use of market-oriented and "fine-tuning" instruments to regulate the amount of money in circulation and the level of interest rates has been rather late in coming. Only now has it been decided that an additional 3 billion dinars are to be issued to stimulate those operations. And the handling of securities (discounting, securities-backed lending and relending) is underdeveloped, one of the reasons being that in some quarters this is still felt to be material unsuitable for the market.

There is every likelihood that one administrative instrument (the limits) will be replaced by another one from which the banks will also have losses because the opportunities to realize interest will be frustrated. There is insistence on mandatory reserves and on their still more drastic use than today. The base for calculating the mandatory reserve to be set aside would also include deposits of sociopolitical communities, and foreign exchange savings which have not been deposited in the National Bank of Yugoslavia, but are in the hands of the banks. What is more, the banks would not have the right to use the legal reserve for liquidity for more than four days, and to top it all off they would not be able to use more than 10 percent of the legal reserve (up to now there have been no restrictions) for purposes of liquidity, and, in the opinion of some, even for credit financing (which is nonsense)!

To be sure, the banks would have an easier time in the free use of the net growth of foreign exchange savings in order to ensure liquidity (dinar liquidity). But it is clear that this will not help them much; for one thing because what is gained in this way (the sale of foreign exchange) would be taken away through the legal reserve, which is unattractive from the interest standpoint.

The National Bank, of course, has a big problem as to how to maintain the monetary and credit aggregates within noninflationary limits when the limit on lendings is abandoned. After all, the restrictions that would be imposed through the legal reserve are not making their way. And the stress being put on so-called market multipliers, whose basis is the capital strength of the banks, does not instill confidence that the stabilization policy will be continued successfully. After all, multipliers represent above all criteria for monitoring soundness; that is, they are not instruments of credit-and-monetary policy with which one regulates the quantity of money in circulation and the level of interest rates.

None of this should be taken as a good alibi for the National Bank to continue the application of administrative instruments. On the contrary, taking the multipliers and the ratings of the soundness of the banks as its points of departure, perhaps it should offer the greatest contribution to developing market instruments through securities.

It is certain that changing the instruments of monetary and credit policy and "introducing" securities (they need not be physically present on the market), which are supposed to represent at least 25-30 percent of the rediscount portfolio of the National Bank, would also have to help to balance the demand for short-term money, which is high today, and in insufficient supply. After all, this is another way that could help to keep interest rates down. In all of this, we should, of course, be cautious and moderate in prescribing doses of the quantity of money in circulation so as not to "heat up" the inflationary charges once again.

Operations with securities cannot be conducted unless the banks have stable liquidity and confidence that it will not worsen because of other nonmarket instruments (the assessment is that for that kind of security today they need to have 3-4 billion dinars a day in revolving accounts). After all, the banks will not even accept securities as a policy instrument; they will keep money

contrary to banking logic, even though it does not bring in interest, just to protect their own security.

There are quite a few more apparently unimportant details with which one can explain the high interest rates on bank credits. For example, the banks are losing time unnecessarily because the day for which they collect interest does not last 24 hours. That is, one of the reasons why "overnight" deposit transactions are not possible is that they do not have the relevant figures on the liquidity situation available in good time. One particular problem is that for now it is not possible for uncommitted resources, which have not met demand on the market, to be transferred to a deposit in the National Bank of Yugoslavia, since it (the National Bank) refuses to do this because it is not a commercial deposit institution (its principal function is to see to liquidity). What is more, although this deposit function of the National Bank of Yugoslavia is being proposed only as a transitional solution, it is seen as being a nonmarket-oriented measure, since this still does not develop the securities business, and beyond that it does not boost the activity of the better performers. What should be done until complete application of instruments that are today underdeveloped remains an open question. In any case, it does not seem advisable to undertake the new activity in the old nonmarket way, since it has shown itself to be a failure.

Serbian Entrepreneur on Expansion of Private Ventures

90BA0140C Belgrade EKONOMSKA POLITIKA in Serbo-Croatian 21 May 90 pp 30-31

[Interview with Bogoljub Karic, chairman of the business board of the "Braca Karic" ("Karic Brothers") private enterprise system in Pec, by Verica Dukanac; place and date not given: "Money-Making Philosophy"—first paragraph is EKONOMSKA POLITIKA introduction]

[Text] The "Braca Karic" private enterprise system, which today encompasses 24 enterprises within the country employing a labor force of 2,500 and five firms abroad, has attracted the attention of the public several times in past days. First, in Belgrade it established the Karic Bank with 57 percent of its own capital (22 percent is capital of Beobanka and 19 percent belongs to one Swiss and one Austrian bank). Second, about 2,000 people responded to the competition that is still open and to the public appeal to experts from various fields to form a new institute for development of small and medium-sized enterprises. And third, 475 private and publicly owned firms from throughout Yugoslavia are waiting for the decision of their business board to become a part of this system. We talked with Bogoljub Karic, chairman of the business board, about what makes this system attractive and the extent to which the time has really come for private business expansion in our country.

[Dukanac] What is the basic conception of your system, and how do you keep track of it?

[Karic] As you see, I still have it under control; otherwise, development would not be going this fast. We began in 1978 in a garage that was 32 square meters in area and had no plumbing whatsoever, and today we have 25 firms, which is truly lightning-fast expansion. That is why many people today are wondering if there will not be a collapse, if we are not expanding so fast that we can no longer keep track, and so on. I assure that there is no danger of that at all for the simple reason that Yugoslavia is a country hungry for business of all possible kinds, and because of how much more of that business is needed. Incidentally, even in Japan today you can do many things if you get started, but not in Yugoslavia. And since we have been developing for 12 years, it is logical that now we should be somehow rounding out our system, forming a bank, and establishing from what up until now has been the Belgrade Bureau for Economic Expert Evaluations an institute for the development of small and medium-sized enterprises, and next year a school for professional managers as well. Our newspaper YU BIZNISMEN is being published in Austria with a modest circulation at present of 6,000 copies; it is intended above all for Yugoslavs working abroad to whom we would like to convey the real situation in Yugoslavia in the economic area, which is what we are mostly interested in. Beyond that, we would like to arouse the interest of our experts and businessmen and all those who have a sense for business to cooperate with firms, above all in our system.

[Dukanac] Aside from everything else, in Yugoslavia you are frequently looked upon as some kind of Serbian government entrepreneur. What is your comment on that?

[Karic] People make all kinds of connections, above all because of Kosovo and the fact that we started out and survived there. Probably we would have progressed much faster if we had started out somewhere else than in Kosovo. However, I think that prejudices give rise to the belief that it is not possible to do serious private business in this country. At the same time, it really does require quite a bit of courage and persistence.

[Dukanac] Regardless of all the official stories, how extensive are the blockades to private enterprise today?

[Karic] A process which is putting everything in its right place really has been initiated with the reform that is under way, and I think that this is the only possible way. My only regret is that this time it is really rather difficult and that once again the ordinary and honest people who are not responsible for all that will suffer. But this is an opportunity for everyone, especially for the capital which our people here and abroad possess to be used once again to develop production.

But I feel that in those political structures there is still a fear of privatization. It is normal for this to be an objective fear for all of us, but as far as the Karic brothers

are concerned, we pay no attention to that. If you talk with our people abroad who have millions of marks or dollars, they are sincerely afraid that there is still a certain Bolshevism in the statements of certain politicians. I try to convince them, and I truly do believe, that there is no going back to the past and that the policy of the government in that respect is very clear.

I believe that this reform will succeed, since it does not favor the monopolists alone, and I see the foot-dragging mainly on the part of bureaucrats in the socially owned firms. Today, they do nothing but moan without making a move, they are just waiting for the government to solve the problems in their factories.

There is still an entire echelon of inept directors dating from the previous period of the consensus economy, people who think in the old way. It is really ridiculous, for instance, when in negotiations with some socially owned firm the director calls upon some politician to influence the outcome.

[Dukanac] Today, you have joint firms even with socially owned enterprises. How does that marriage work out, and what is your attractiveness to the large number of firms waiting for you to decide to accept them into your system?

[Karic] First, we have a very strong marketing program in both the Eastern and Western worlds, and this year we will have about $200 million in exports. That perhaps is not any kind of a figure for large systems, but it is a large amount for small business. So today we are employing even many socially owned firms. Second, I have mentioned that wherever we go, the business philosophy automatically changes, as does the pattern of behavior from the worker to the director. This is an altogether different approach to the job. People whom you pay well do better work, and we truly cannot say that we are a country of idlers. Our people have achieved considerably more in the outside world once they were given a chance; they were not able to do that here in a system in which the communist powers that be forcibly imposed various semiliterate cadres who have run this government for almost 50 years. Incidentally, I do not recognize social ownership as ownership at all, since this is what has brought us to beggary; we have made slaves of people who barely earn $200 a month. I think that only private ownership can bring progress and nothing else. That is why we are aiming at pooling resources and creating firms with mixed capital, so that we know what is what and see how things are going to go.

All in all, I am deeply convinced that about 70 percent of the socially owned enterprises should be urgently turned into joint stock companies and private enterprises and simply sold off, and that the government should put that money into those government agencies which it is creating, provided that it puts it into circulation again, but only by providing financing and help to private enterprises which alone can achieve economic success. Just take Kosovo as an example; $1.3 million arrive there every day, and if that money was invested in private enterprises, whether they are run by Serbs or Albanians, I guarantee you that in three years that money would be paid back, and today we would have an altogether different economic situation. With more than 10,000 stable private firms, that is a sure thing. And that money would be put in circulation once again and have a life of its own. Meanwhile, we have paralyzed even certain giants, and today we have more than 150,000 square meters of factory buildings in Kosovo which are not used at all. And you see what is happening, that a small private sector like this is already employing socially owned enterprises. I am surprised when I receive calls for cooperation from many Yugoslav firms, even the strongest ones, since previously we had to beg them to talk to us; today, they are the ones who initiate and call for meetings.

[Dukanac] Does it not seem to you that private capital is also Yugoslavia's only chance of achieving economic reintegration?

[Karic] We have no prejudices whatsoever in that respect. America dropped an atomic bomb on Japan, and today they are close trading partners. And the economic allies and partners are also changing all their other relations. In this respect, capital is breaking down all the borders and performing miracles. Today, when I go to see a German trading partner for the first time, I have a talk in his office, the second time we have lunch in a hotel, the third time he invites me home, and at this point a kind of friendly relations are already being developed, with mutual respect for business interests, which is taken for granted.

[Dukanac] What actually is your aim with the institute for development of small and medium-sized enterprises?

[Karic] When we decided to form the institute, we advertised the competition for experts in the various fields which we cover in our system, and I was surprised by the immense response. Every day we have had as many as 200 people waiting here in line to submit their applications. Dozens of them called in; they did not want to come in person because they have reputations in Yugoslav economics. My point of departure in it all is this: If only one-third of all those 2,000 people who have applied are really competent, then with those 600 we can pull any enterprise you like out of a crisis. Our paramount intention is to use intelligent personnel to rescue socially owned firms which are about to go bankrupt and in which we, of course, have an interest, and to use additional capital to equip them for the Western market, but no longer as socially owned firms, but rather as joint stock companies in which we have a share. Nevertheless, we are aiming above all at small and medium-sized enterprises, flexible firms which can rapidly adapt to the market without great upheavals. As we have up to now, we will always be trying to involve some foreign partner and through up-to-date technology to arrive at a situation where our workers will have as much as $1,000 in their pay envelope. In similar arrangements with socially

owned firms, we have not so far encountered resistance from the workers, and I say that they are much more motivated to have larger pay than they are interested in who the owner is. Only in that way is it possible to restructure the economy and facilitate an escape from the closed circle of darkness that has lasted 40 years. This will also help us to develop a general standard of work practices and behavior which we lack today. Recently, on a visit to certain factories in Japan I had the impression that those people regard those means of production truly like sincere believers in a church or mosque. But in our country people are still seeing what they can take home, toilet paper if nothing else, regardless of what it is. Not everywhere, of course.

[Dukanac] Today, management schools are being opened in many places. What is our interest in that type of undertaking?

[Karic] Our success, if we can speak of success, has not been ours alone, but also that of the numerous experts whom we have hired. In the course of getting certain production operations in shape, we brought in experts from Germany and all over the world. We were the first in Yugoslavia to do so, and today I do this everywhere where it is required, since we still lack good management personnel. When we went out to hire experts all over Yugoslavia, the socially owned firms came down hard on us, they wanted to grind us to a pulp, and they even used the old methods of political pressure. It is silly. They attacked us for hiring experts as easily as if we were buying apples. But people, of course, want to show what they can do for more money wherever possible. It is inevitable that the socialized sector will be in an ever greater crisis. There will be more and more of that unless they get moving at once and provide material incentives for a first team of professional managers, since if that first team is not rewarded, there is no chance for the second team nor the last team. Now, even a few professional managers from Slovenia have come over to us, and because of that we are constantly being called by trading partners. They say that I am disloyal, that I should have let them know, that there ought to be some transitional period, and so on. I told them, Gentlemen, give them more, and let them go back to you. We can take our pick.

So, I think that we have the experience and the philosophy of making money which is the basis of every undertaking, and that model of market-oriented behavior and creation of firms should be passed on to others. Within the framework of the institute, we will first start seminars and then next year a professional management school in which people will acquire the knowledge and skill for making money. There will be three courses of study: one for children beginning in the fifth grade, another for secondary students, and a third for everyone else. When I mentioned in talking to certain Americans, Germans, and Japanese I want to cooperate with in this undertaking, they asked in surprise why I included children. They are engaged in private business, and their children hear all of this at home and they really do not need it, they earn their own pocket money. In our homes, all they can hear is how mama and papa have spent several hours sitting in party meetings and other meetings and how they have done nothing. We have behind us a truly long period of bad upbringing.

[Dukanac] If you bring about everything you intend, you will really have an opportunity to become the first Serbian capitalist in the best sense of the word.

[Karic] Please do not mention that word, someone will shoot me. Perhaps I exaggerate, but that very term arouses fear in a large number of people, since for 40 years they have learned that capitalists are specters who commit murder, who slaughter people, who eat people alive. Yet today we see that our workers employed by those capitalists abroad are earning several thousand dollars or marks a month and they have houses both here and there and a decent life, while our socialism has not made it possible for the majority even to drive a car, not to mention own houses and apartments. We Karices have created everything by our work. Even today we and our leading managers are working 16 hours a day. If things really work out for us and we get the experts we want, I believe that soon we can create a corporation with about 30,000 employees.

POLAND

Economic, Political Role of Emerging Middle Class Viewed

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[Article by Docent Dr. Habilitatus Henryk Domanski, PAN [Polish Academy of Sciences] Institute of Philosophy and Sociology: "The State of the Middle Class"]

[Text] Changes in the economy must be accompanied by changes in the social structure. One of the most important transformations will be the emerging of the middle class—a class which does not exist in present-day Poland.

Why should the development of the middle class be conducive to the emergence of a market society? Such a deduction is derived from the correlation between the behavior of members of the middle class and the principles of market functioning which may be observed in capitalist countries.

There, the middle class includes two fundamental segments. On the one hand, these are representatives of small business: industrial businessmen and building contractors, shop and service center owners, tradesmen as well as those in private professions (physicians, lawyers) who are self-employed. The number of people in this category, called the "old" middle class, as a rule does not exceed 10 percent of the professionally active population. As opposed to the old, the "new" middle class is made up of wage-earning white-collar workers whose numbers have increased along with economic growth and have dominated over the small businessmen for a long time now. The size of this group among those professionally active vacillates between 30 to 40 percent. It includes office workers, state administration employees of various rank, technicians, engineers, highly qualified specialists in nontechnical professions as well as the managerial cadre of various establishments. Thus, this constitutes a very internally diversified collective body. However, differences recede into the background in the face of common traits. Class unity may be mentioned because of closely related goals in life. Competition dominates among them in striving to increase material gains and career advancement.

The obsessive interest in money and personal possessions among 19th century representatives of the old middle class is attributed to the influence of Protestant ethics and utilitarian philosophy. Currently, these attitudes manifest themselves most prominently in aspirations to hold professional positions of high status made prevalent in the "new middle class." The road to success leads through thrift, calculating the profitability of consumer expenditures and investments, self-discipline, industriousness, confidence in one's own abilities, initiative, perseverance in obtaining an education and professional qualifications.

This Is Health!

Therefore, this ideology is in keeping with the rules which guarantee the efficient functioning of the capitalist market. Its key mechanism of competition between enterprises is based on the constant balancing of financial profits and costs, i.e., checking for profitability. The situation is similar at the level of individual life strategies. Competition is the chief element of middle class ethos implemented by its members on a day to day basis both in professional life and in the area of social relations, contacts with neighbors and the community at large.

The middle class distinguishes itself in that life strategies are subordinate to the aspiration of safeguarding for oneself living conditions at an appropriately high level. Efforts are made in the direction of maintaining distinction from the lower classes, particularly the labor class. Members of the middle class live in higher standard housing, in better neighborhoods and have their own homes more frequently than laborers; they drive more expensive cars and distinguish themselves with their life-style which gives them a sense of satisfaction with their own accomplishments and at the same time, enables then to foster the conviction of occupying a high ranking position in the hierarchy of social status.

A characteristic determinant of the distinct life-style is the way in which leisure time is spent: vacation in well-known, high-class resorts; membership in exclusive clubs; preference for golf instead of rooting for one's team at soccer games; etc. Added to this are patterns of conduct in personal contact with people such as ease in expressing oneself, formulating opinions on various subjects, manner of conduct regarded as a symbol of "better" breeding as well as everything that is an indication of a higher cultural background, derived from school, college or family upbringing. When a common laborer talks to a physician or engineer, even in a social setting, we frequently observe signs of a certain aspect and intimidation in his demeanor.

Obviously, the image of the middle class outlined here is only a simplified model. Some individuals exemplify it more strongly, others to a lesser degree. However, this does not change the fact that the existence of a large collective body bearing the above mentioned characteristics promotes economic and political stability of the system. Economic, because the middle class has at its disposal considerable financial resources which create guarantees of constant demand for consumer goods and in a market economy, this constitutes a safeguard against economic slumps. Political, because the middle class fulfills the role of a buffer that lessens bilateral tension between the radicalism of the lower social classes and the conservatism and reactionaryism of higher classes. Stability of existing governmental system solutions lies in the interest of the members of the middle class because they guarantee material success and high social status. Despite the fact that those belonging to the "middle class" do not, as a rule, assume commonly organized

undertakings for the implementation of group interests, the mass scale of these attitudes acts in a stabilizing manner on the entire scope of social relations. According to sociologists, "a healthy middle class is most likely the best indicator of the health of an entire system."

In Poland Things Are Different

In Poland, there is no middle class in its generally accepted meaning. In the noblemen's Republic, the middle class developed little both in terms of the economy as well as in terms of an integrated class defending the interests of the state as a whole. The obstacles were not only in the opposing goals of the nobility but also in the domination of other nationalities: small businesses were usually in the hands of the German and Jewish populations which, naturally, weakened the internal cohesiveness of this class.

The economic weakness of the middle class and nationalistic disintegration persisted during the period when Poland was partitioned and after it regained its independence. And if some sort of attributes of the old middle class developed up to 1939, then following the war they were eliminated as a result of the struggle with the private sector.

In 1938, representatives of small business (except for farming) made up approximately 12 percent of the working population. In systematic sociological studies conducted from the 1960's to 1980, their percentage did not exceed 1.5 percent. This group was subject to strong fluctuation, government policy was conducive to an inclination toward immediate profit, acquiring wealth was highly reprehensible whereas uncertainty and the feeling of impermanence precluded the formation of attitudes characteristic of middle class ethos.

White-collar workers in Poland exhibit certain common traits with the new middle class. The similarities pertain to the carrying out of occupational roles: lighter, "cleaner," and in general more involved than blue-collar occupations; better housing conditions and higher living standards in the families of white-collar workers; traditionally higher social prestige (in the case of the intelligentsia); qualities of "higher cultivation" such as knowledge of foreign languages, social manners, broader intellectual horizons; a distinct system of standards and views on work, public affairs, and goals in life worthy of striving for as well as distinct social contacts and models of conduct within the family. We also find all of these traits in market societies which is not surprising because the conditions of industrial civilization imitate many structural traits of current-day societies.

However, similarities go hand in hand with substantial differences. In Poland, attitudes that decide about a separate social image of the middle class have not formed themselves among white-collar workers. The intellectual culture dominates which is different in terms of quality from middle class ideology. The origin of the intelligentsia as a distinct social class goes back to the second half of the past century. It is derived from the traditions of the nobility, the landed gentry and, therefore, fundamentally in contrast to the orientations represented by the middle class.

Above all, individualistic tones, characteristic of the middle class, do not occur in the consciousness of the intelligentsia. Competition and the search for symbols of individual status were replaced in Poland by a sense of a collective mission with regard to society and the nation. According to conducted studies, 90 percent of the intelligentsia feels it is their obligation outside of the implementation of strictly professional tasks, to fulfill educational, upbringing, cultural and leadership functions with respect to Polish society. These functions, in the opinion of the members of this class, include spiritual and intellectual leadership, the formation and dissemination of culture, promotion of the principles of coexistence, moral standards and opinions as well as the development of science and technology in keeping with the exigencies of economic growth. The roots of these attitudes are to be found in the traditions of the struggle for independence and the leading role of the intelligentsia in the rebuilding of the Polish State.

Thus, the intellectual ethos, formed in a specific historical context, entails things other than middle class ethos. The latter was formed under conditions of progressive economic growth. It had its foundations in stable economic and political relations conducive to enterprise and the making of money and later, to orientations geared toward advancing in the professional hierarchy. These circumstances ran out in Poland which meant that the changes in the social structure went, in sum, in a somewhat different direction than in countries at that time entering the road to active capitalist development.

Decomposition

The governmental solutions introduced after 1945 were all the more unfavorable to the development of the new middle class. The practice of true socialism was geared toward making the intelligentsia comply with the tasks of building a new order whose ideology was in and of itself contradictory to the liberal philosophy of this class. On their part, the intellectual communities were in part susceptible to the influence of the prevailing ideology. For example, in professional circles of economists and engineers, the percentage of those declaring the desire to promote a philosophy "compatible with the assumptions of the socialist system" reached 23 and 18 percent respectively during the 1970's.

However, the lack of a material base for the development of the new middle class was the deciding factor. The economic policy of successive party-governmental administrations led to the limiting of outlays for consumption at the expense of intensifying investment programs. With an inefficient system of managing the economy, this resulted in small possibilities for the growth of consumption and making money. Up to the 1970's, real wages grew at a slow pace whereas the supply of goods and services satisfying the consumer needs of

the population arranged itself below the expectations of communities with aspirations for a higher standard of living. Therefore, on the one hand the conditions were lacking for the development of a social class with greater material resources whereas on the other, consumer aspirations could not find an outlet—the market was unable to satisfy them.

These trends underwent a temporary reversal in the first half of the 1970's when the growth rate of real income and consumption underwent rapid acceleration. It is possible to detect elements of "middle class" ideology in that which was later termed the propaganda of success.

The collapse of accelerated growth strategies, the crisis and the deep depression of the 1980's once again proved how small the chances are for the creation of permanent foundations for the development of the middle class in a system of real socialism. In any case, limitations expressed themselves not only in the generally low standard of living of the entire population but in the particular wrong dealt in this respect to significant groups of the intelligentsia and other categories of wage-earning white-collar workers. Meanwhile, the principle of remunerating in proportion to the level of qualifications and education of individuals is the foundation of the organization of modern-day market societies. It facilitates the selection of suitable people for positions requiring high qualifications and motivates them to productive work. The lack of connection between these traits leads to partial disintegration in social hierarchy. In pointing out signs of this phenomenon in Polish society, W. Wesolowski termed it as follows "the decomposition of status factors."

The persistence of this type of decomposition constitutes an effective barrier against the development of the middle class. It limits consumer possibilities of people with a high professional and educational status and undermines the logic behind striving for success. The lack of balance between these key aspects of social position deprives of the sense of identity. In capitalist countries, the middle class is a segment that occupies a rather explicit position in the class hierarchy between the higher class (the elite of administrative authority, money, old aristocracy), and the labor class and strata situated at the bottom of the social ladder. In Poland, on the other hand, the decomposition of the social hierarchy means that the intelligentsia and white-collar workers cannot be perceived cohesively as categories occupying the intermediate rungs of the structure of inequality nor do they identify themselves as such.

Things could not have been otherwise until now since the central principle of market societies regarding remuneration according to the occupied professional position and level of education was dominated by principles of a centralized socialist economy. In a command-and-allocation system, one of the principal factors of this decomposition was the granting of preferential treatment to selected sectors of the economy, above all, the mining and the power industries at the expense of the service sector. As a result, engineers, physicians, lawyers and other potential members of the middle class frequently made less than nonskilled manual laborers employed in the preferential sectors. The standing of the intelligentsia is frequently given as emphatic testimony of undue injustice in the distribution of wages.

Neither the intelligentsia nor white-collar workers nor any other strata of Polish society identify themselves with the middle class. This term does not exist in the social awareness. When asked in sociological surveys to place themselves in some category, potential members of the "new middle class" most frequently use such terms as "intelligentsia" or "white-collar workers." In capitalist countries, the percentage of white-collar workers included among the middle class ranges from 30 to 70 percent.

What for What?

In the new socioeconomic system currently being formed, the existence of a middle class could become one of the system's stabilizing factors. Neither the intelligentsia nor other categories of white-collar workers nor private enterprise have fulfilled this function up to now. Trends adapted to the requirements of the modern market did not take shape in these groups whereas decomposition of the elements of status was more a source of disintegration than a factor of stability in social relations. It is not by chance that the awareness of a state of conflict between social relations was greatest in the intelligentsia community. This is the class most sensitive to the conflictogenic character of inequality between the material situation and participation in management. And this proves indirectly that the representatives of the intelligentsia were less interested in stabilization and more in changing the existing state of affairs.

A totally new element of the reformed system will most likely be the need for the existence of a mass consumer with available funds assuring market stability. In the centralized model of a socialist economy, this type of an economic stabilizer was totally unnecessary because market shortages and not an oversupply of goods were the norm. Today, the situation has changed radically.

Thus, the emergence of a middle class is one of the conditions for the existence of a market economy. However, social mechanisms depend on economic changes. Therefore, we are dealing with a web of interaction that will dictate the rate at which the aimed for model of a market society will be achieved. The departure from a socialist economy must be a process spread out over a period of years because the process of breaking old habits and attitudes reinforced during the past 40 years will be long drawn. Also, the disappearance of old divisions, the shaping of new forms of inequality and differentiation between people can go on for even as long as several generations.

However, this is one side of the coin. A less clear issue seems to be the sense behind adapting the market model to Polish conditions. Is a society with a large middle class

and with a life-style, aspirations and behavioral patterns peculiar to this category a desirable state? Are the measurable economic benefits, that will come in time, a sufficient price for the elimination of many traits which until now have shaped the face of Polish society—traits embedded in cultural tradition?

Intermediate solutions, some sort of conglomerate of traditional attitudes with a functional model, will slow down the advance toward efficiency. On the other hand, the vision of competition and the incessant pursuit of success may be met with justified opposition even among those who are aware of the unquestionable benefits of the market system.

Neglect, Poor State of Rural Health Care Discussed

90EP0573A Warsaw TYGODNIK ROLNIKOW SOLIDARNOSC in Polish 22 Apr 90 p 12

[Article by mk: "When Will Rural Areas Get Decent Health Care?"]

[Text] They say that in our concern over our health we abuse the consulting services of specialists. Physicians providing basic health care, i.e., those who treat patients in rural, gmina and regional health centers, are seen as being inclined to send their patients up "higher," to specialists. Whether that is true I do not know.

I do know, on the other hand, that the people who live in rural areas and small towns find it very difficult to reach these doctors. Sometimes they are even unable to make use of a referral because this means a burdensome trip to town (and now the costs are going up as well), because it means taking the day off from a much-needed job or because if someone is seriously ill, he does not have the strength to make such a trip.

Several Warsaw physicians told me about the following occurrence. In Salena, a new physicians' partnership which offers consultations with eminent specialists from many fields who also have academic degrees, somebody conceived the idea of organizing a trip into the field. In other words, instead of the patients coming to the doctor, the doctors come to them. Opatow, a small locale in Gory Swietokrzyskie, was selected. Somewhat beforehand, posters were put up in this town announcing that the following specialists would be taking patients at a given address on a certain day: an internist, a laryngologist and two ophthalmologists.

These physicians made their way to Opatow knowing that they were traveling some distance, but it was a pleasant trip all in all. They did not anticipate much interest in their proposal or a flood of work. Moreover, it was a rainy day and they arrived late. How surprised they were to find a tight crowd of people standing at the door of the facility awaiting their consultation. They received patients from the early afternoon hours until 12:30 am. In their opinion, most of the patients were absolutely in need of specialized health care.

Spurred on by this turn of events, Salena plans to organize more of such trips.

Any specialist who treats specific childhood illnesses can readily call to mind dozens of examples of young patients who suffer from defects in vision, bite, speech and posture or who have chronic diseases of the breathing passages, and whose parents have brought them in too late. The result is that these problems then require very lengthy and complex treatment. Sometimes an operation is necessary or the defect cannot be eliminated at all because it was diagnosed too late.

There are at least two reasons for this situation. The first is that the child's health is ignored. It is a well-known fact that the state of our hygiene and health care is lamentable. We do not wish to know, and often no one tells us how important certain rational practices are in relation to our own organism. One of these includes the systematic health check of the child.

Here it may be noted parenthetically that we fail completely to take cognizance of certain health recommendations made to us. For example, who of us takes seriously the appeal to stop smoking? We treat those who plead with us to give up nicotine as harmless maniacs and not serious individuals. Meanwhile, the world, and especially the West, has taken this advice seriously. And so it happens quite often today that when people from different countries get together, the only people who smoke are Poles.

But let us turn again to the health of children. The second cause of neglect is certainly the lack of access to physicians—not only to specialists, but to ordinary doctors with whom the initial contact is made. Many rural health centers have staff vacancies and their staff housing is actually empty. Often in these centers, there is not any doctor at all, not to mention a pediatrician, gynecologist or dentist. In such situations there is still the ambulance for sudden illnesses and accidents, or perhaps a visit to the nearest town if somebody gets sick. But what about regular visits to check on development, where is preventive medicine?

The rural health service has many shortcomings; it would take a long time to enumerate them. The shortcomings we have mentioned are enough. Statistically, the number of physicians we have per 10,000 inhabitants is no worse than that of fairly well-developed European countries. But how do we stand in comparison to them with our medical care, especially in rural areas? Is it all due to poor organization?

Like many other fields of our social life, the health service is in need of a thorough reform. Apparently the Ministry of Health has already prepared a new model which must now undergo discussion by a broader forum and adoption by the Sejm. For the present, it is patiently waiting its turn. Let us hope that in these preparatory efforts, all the shortcomings of the rural health service have been discerned and that ways of restoring the rural health service to health have been found.

The rural living standard is shockingly low, even for our poor country, plagued by crisis. This also has an effect on the level of medical care.

Cardiovascular Disease: High Costs Encountered in Treatment

90EP0554A Warsaw RZECZPOSPOLITA in Polish 8 May 90 p 3

[Article by Krystyna Forowicz: "Beware of Heart Attacks: Your Money or Your Life"]

[Text] Every other person dies from some sort of heart disease. Young people and those in their prime die from it, however, more frequently in industrial areas than in agricultural ones. In Warsaw, the rate of heart attacks (with a constantly high mortality rate) increased by 40 percent. Increasingly more children are being born with heart defects—on the average, 6 to 8 per thousand. That is approximately 3,500 annually. Seventy percent of this number dies. "And this is a tragic situation because such children are being saved elsewhere in the world," stated Prof. Dr. Maria Hoffman, director of the Institute of Cardiology in Warsaw, during an open meeting at Warsaw University. It is estimated that overall the number of people suffering from cardiovascular disease in Poland is approximately 6 million.

It is enough to compare these alarming statistics with the hospitalization capabilities of health centers and the efficiency of hospitals for the overall picture of our cardiology to take on a rather gloomy color. From among 209 cardiosurgeons, who were trained at the Institute of Cardiology in 1981, barely 28—that is, 28 have remained in the country!

One of the most important fields of cardiology is diagnostics: contrast heart imaging, cardiac catheterization, echocardiography and many other diagnostic, frequently indispensable tests that precede surgery. On the other hand, surgery is subject to equipment which we lack. At the same time, that which some centers have at their disposal is worn out and antiquated.

It suffices to remind ourselves that there are a million people in Poland with diagnosed cardiovascular disease. At least 10 percent of them require cardiac catheterization and contrast imaging of the coronary arteries. This means 100,000 such tests whereas barely 20 percent were conducted in our country in the past year in the case of catheterization and 5,869 in the latter case. The reason? We do not have the equipment nor the facilities. In the case of coronary arterioplasty, only one-fifth of the need is taken care of; in echocardiography—63 percent; and 12 to 15 percent in cardiosurgery. In the entire country, we have barely 18 laboratories for cardiac catheterization testing. There will not be more of them because this is the most expensive branch of cardiology. Not all centers are equipped with echocardiographs which are the simplest devices for detecting tumors, clots or a critical narrowing of the arteries [arteriostenosis]. Therefore, they decide about life. The situation is tragic. True horror.

Today, within the framework of the discussion on the reform of the health service suggestions are being voiced that the patient pay for the expenses of his medical treatment himself. "I would not want to live to see such times," stated Prof. M. Hoffman, "when doctors will first ask for money and then attempt to save the patient. Unfortunately, in some countries in the West that is the case: your money or your life."

In our circumstances, this would be an extremely difficult choice to make. An echocardiograph costs from $42,000 to $60,000; one test—30,000 zloty and in color—52,000 zloty. Stress tests on treadmills: one test costs 50,000 zloty (treadmill—$38,000). Cardiac catheterization equipment costs from $1.1 million to $2.5 million. The cost of testing: 3.5 million zloty. One heart operation—10 million zloty; an artificial valve—$1,200. One day of hospital treatment for a heart patient—more than 500,000 zloty. The future of Polish cardiology hinges on money. If there will not be enough of it, statistics will perpetuate further tens of thousands of tragedies—heart attacks. There were 80,000 of them last year.

Will decisionmakers, who exercise control over funds, have more heart than until now for our stressed-out, tired, and frightened hearts?

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