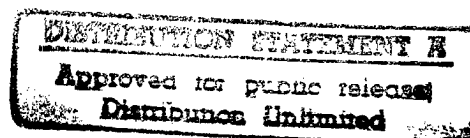


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BULGARIA

Macedonian Separatism Threatens National Unity

91BA0380A Sofia DUMA in Bulgarian 15 Feb 91 p 4

[Article by Prof. Dobrin Michev, Docent Stoyan Germanov, and Senior Scientific Associate Anton Purvanov: "Once Again Separatism on National Grounds"]

[Text] *What can we do, being Bulgarian and all of us suffering from a common disease! If this disease did not exist in our ancestors, from whom we inherited it, they would not have fallen under the frightening scepter of the Turkish sultans. Naturally, it is our duty not to yield to this disease. However, could we do the same for others? We have also borrowed something from the Greek diseases, namely, that there are as many chiefs as there are soldiers. Accursed glory!... Everyone wants to shine, oblivious to the falseness of such shining.*

—Gotse Delchev

Bulgaria is at a crossroads. Our country is in a very serious sociopolitical, economic, and national state of crisis. It finds itself squeezed in a peculiar loop, steadily being tightened by internal contradictions and an adverse international situation. Under those circumstances, trends and parties of undetermined political appearance, of doubtful positions in political life and unclear concepts concerning the country's territorial integrity and national security, have appeared or are in the process of taking shape in the political arena.

Profiting from the silence of the main political parties on the national problem, some forces and circles are promoting overt or covert separatist aspirations on ethnic and religious grounds. For almost a century, one of the major difficulties of the ruling circles and, in general, of the Bulgarian state has been the lack of clear and consistent policy on the Bulgarian national problem. Our neighbors have always had and still have national programs they steadfastly pursue, regardless of changes in governments and parties. Some of them remain colored in a chauvinistic hue or else have been updated in accordance with the times.

The difficult domestic and international situation and, particularly, the lack of state policy on the national problem led to the fact that the Bulgarian nation is threatened by "erosion through Islam and Macedonianism." Increasingly alarming news is coming from north-eastern and southeastern Bulgaria concerning actions of an organization, illegally registered on an ethnic and religious basis—the Movement for Rights and Freedoms—that is undermining the unity of the Bulgarian people. We hear from the Rodopi demands to Turkicize the Bulgarians who practice Islam. The introduction of Turkish-Arab names in the Bulgarian naming system violated a tradition that was established after the liberation. Recurrent thoughts are appearing in the way of thinking of Bulgarian Turks, fed by outside sources. They could lead the population with a Turkish ethnic awareness to self-isolation from social and cultural life,

to the development of a ghetto mentality, and to opposing their Bulgarian compatriots.

The Union of Macedonian societies has resumed activities; a new group, the All-Bulgarian Makedoniya Union, was created; the VMRO [Internal Macedonian Revolutionary Organization], headed by Mr. Khr. Tzavela, is undergoing the registration process; a persistent effort at engaging in active work has also been made by the Ilinden OMO [United Macedonian Organization]. This large number of "Macedonian" organizations found among the scientific and cultural public and the ordinary people raises a number of questions about the nature and objectives of these organizations and the likely consequences of their activities to Bulgaria.

To begin with, we are referring to a phenomenon that is alien to the Bulgarian people and that has been introduced from abroad: "Macedonianism," implanted through permissible and impermissible means by external forces and internal factors. The initial manifestations of this phenomenon, after 10 November 1989, were the activities of Ilinden, the so-called United Macedonian Organization (OMO). For very good reasons, the official authorities did not allow its registration. It was accurately identified as an anti-Bulgarian organization, directed against the unity of the Bulgarian nation and the national independence of the Republic of Bulgaria. Its objective is another division of the Bulgarian people and the preaching of separatist ideas in favor of another country. Despite the prohibition, the activities of the Ilinden OMO are alarmingly continuing under different aspects. Using the weakened structures of the governmental authorities or their inaction, and, with a strong moral and material assistance provided by Belgrade and Skopje, it is gathering signatures calling for the recognition of some kind of "Macedonian minority," holding semiclandestine meetings, disseminating leaflets, and seeking leaders for a future conspiratorial organization. Efforts are being made for this artificially created problem to be taken outside the country in order to fool correspondents of foreign newspapers and representatives of other countries. Envoys of the Ilinden OMO are included in Yugoslav delegations attending international conferences, at which efforts are made to disinform European public opinion. Against this background, politicians and statesmen unfamiliar with the nature of the Macedonian problem give interviews and advice and make statements that, to put it mildly, cause amazement and puzzlement. It is thus that, consciously or not, they become promoters of alien ideas and create harmful illusions in some unoriented and unstable people in the country.

Quite recently, our public was surprised by the demand to register Mr. Khr. Tzavela's VMRO. The authors of the organization's draft statutes encourage the establishment of spiritual ties among Bulgarians in various parts of Macedonia and envisage this to take place through peaceful and democratic means. At the same time, they call for the creation of an organization with a militarized structure; with a loyalty oath, local managements, and

units; with their own mail and courier services; and so forth. Does Bulgaria lack political structures, parties, and a postal service that would necessitate the creation of a "state within the state"?

Let us note that the creation of new "Macedonian revolutionary" organizations inevitably nurtures dangerous illusions concerning any cultural, ethnic, or other type of independence in part of the Bulgarian people. Sooner or later, such actions pour grist in the mill of the separatist concepts of Macedonianism, nurture the territorial aspirations of foreign countries toward age-old Bulgarian territories, and create grounds and prerequisites for interfering in our domestic affairs.

In short, once again and in other forms, the trend has appeared for the geographic concept of Macedonia to be dressed in ethnic clothing at the expense of the consolidation and unity of the Bulgarian people.

In December 1990, at its first congress, the Union of Macedonian Cultural and Educational Societies (SMKPD) took the name VMRO-Union of Macedonian Societies (VMRO-SMD). We understand the very noble idea of adopting, with this new name, the best of the traditions of the Macedonian National Liberation Movement. However, we also share the fear that this name could be adopted by other organizations operating on an anti-Bulgarian basis. This renaming conceals other trends, as well, which were not late in appearing. It seems to us that it is precisely with the aspiration to oppose such an organization that an "alternate" VMRO may be created, which would explain Mr. Tzavela's efforts to add yet another "Macedonian" organization to the already existing ones.

The history of Macedonian cultural and educational societies is nearly a century old. Such societies consist mainly of migrants from Macedonia and their relatives and sympathizers within the country. These societies develop cultural and educational activities, collect funds, help newly arrived refugees, and so forth.

Unquestionably, there are both room and place for such activities today. The Union of Macedonian Societies is an organization with an impressively large membership, its own societies throughout the country (56), a strong material base in Sofia, and long traditions. The societies throughout the country could maintain extensive ties to their relatives and parents in Aegean and Vardar Macedonia and, through the association, speak out in their defense and for the sake of the spiritual unity of the Bulgarian people. A major potential in this respect also exists in the restored Macedonian Scientific Institute, which, using scientific means, will bring to light in our country and abroad the truth about Macedonian Bulgarians and void the artificially created error about the Macedonian problem. The scientific and cultural public has a right to expect substantial results. However, this patriotic institution must first of all be helped by the public and the state in order to be able to defend its name and purpose today. All of this makes inappropriate the

hasty and thoughtless name of the VMRO-SMD, as adopted at the first congress of the societies.

To "patch on" a revolutionary name to a cultural, educational, and public organization means to ignore political realities in our country. It is a legitimate manifestation of the affiliation of Bulgarians who had been chased out of their native lands and who came from all parts of Vardar and Aegean Macedonia. Adding the name VMRO would not at all enhance its authority and influence in society.

The Makedoniya All-Bulgarian Association was created as an "alternative" to the Union to Macedonian Cultural-Educational Societies in 1990. Indeed, the interest in the fate and condition of Macedonian, Thracian, and Dobrudzha Bulgarians is a concern of the entire nation, our entire Bulgarian public, and our state. In this case, however, we also note an unjustified opposition to the Union of Macedonian Societies, the creation of parallel societies in Pirin Macedonia, the publication of duplicating newspapers, and the encouraging of uncertainty among the Bulgarian population at a time when the unification of the awakened modest patriotic forces is necessary. We find a great deal of common features in the objectives and tasks of the SMD and the Makedoniya All-Bulgarian Association. It is necessary to seek and find the points of contact on the basis of which there can be a coordination and unification of their activities.

Should the VMRO exist today, and where should it exist?

Unquestionably, ever since its founding, the VMRO has made a substantial contribution to the liberation struggles of Macedonian and Thracian Bulgarians. If we study the history of that organization, we can see the heroic and tragic fate of generations in all parts of Macedonia. The shortsighted policy of inept leaders and a number of adverse internal factors made these sacrifices useless. We are painfully aware of the fact that huge material and human resources were wasted, and territories and population were lost, exposed as they were to assimilation and denationalization. The consequences of this cruel tearing will be felt for a long time to come and will affect our national destiny and Bulgarian national mentality, spirituality, and frame of mind. Our state did not provide adequate rebuff when pseudohistorians from neighboring countries confidently presented groundless arguments, appropriating part of our history and culture, while there was inadmissible silence on our part, undermining the common historical roots and subjecting historical documents to "surgical interventions" and careless amputations.

From this point of view, the aspiration of the Bulgarians and their descendants from that area to know the unadulterated truth of their past and to maintain the militant traditions of their revolutionary organization and their aspiration to revive it today are understandable. At the same time, however, we must remember the profound changes that have taken place in the Balkans

and throughout the world, and that the ideas of liberation and revolution themselves have experienced substantial developments. Pirin Macedonia has been an indivisible part of our common homeland, Bulgaria, for nearly 80 years. The population of that area has always felt and expressed its feelings as being part of the Bulgarian nation. It is no accident that the defeatist and nihilistic line of the BCP [Bulgarian Communist Party] in the first years after 9 September 1944, which went as far as to forcibly implant a foreign "Macedonian national awareness" in Bulgaria, was both unpopular and unacceptable.

It is a political anachronism to create "revolutionary" organizations with separatist trends, using the name, cause, and halo of an organization such as the VMRO.

The place of the VMRO is not in Bulgaria. This would compromise it in the eyes of the Bulgarian and world public. As an organization, under the new circumstances, as well, the VMRO is needed in the political life of Vardar Macedonia, which is taking its first steps toward democracy. There it would have the opportunity and field for political manifestation, for preserving Bulgarianism and restoring Bulgarian schools, churches, and cultural traditions and opposing the manifestations of militant Macedonianism and the offensive mounted by Great-Serbian chauvinism and Albanian irredentism.

Today we must unite the efforts of all patriots. Let us try to rise above petty matters and petty quarrels and surmount the accumulated national nihilism in the minds of the people and the intelligentsia. Our force is in unity and not in separatism. Separatism will not lead us to anything good. Let us, at least once, learn something from history. Division, internal struggles, and separatism have harmed the liberation movement and the interests of the unity of the Bulgarian nation. Let us sacrifice our personal political ambitions of leadership and rally in the name of the spiritual unity of the Bulgarian people. We are called to this and reminded of it by the immortal Gotse Delchev.

CZECHOSLOVAKIA

Soviet Consul in Bratislava on Slovak Separatism

91CH0460A Bratislava VEREJNOST in Slovak
11 Mar 91 p 2

[Article by Ivan Hoffman: "Good News"]

[Text] On Saturday 9 March two events of importance for the future of VPN [Public Against Violence] took place. Prime Minister Vladimir Meciar ran a meeting in Vranov and Toplou under ZDS [For a Democratic Slovakia] auspices, and the Slovak Council of VPN held a meeting in Bratislava. It wasn't difficult to figure out which of these events would attract lesser press attention: I stayed in Bratislava and observed the conduct of delegates of whom many were chafing under the disadvantage of their position when they had to face a massive

propaganda by newspapers, radio and TV which took the side of the popular premier. (Perhaps there is no need to point out that all opposition parties benefit from the fight between premier Meciar and the VPN's Slovak Council.) "Any challenge to the premier is perceived as besmirching him," commented one of the council's members and another added that what separates the premier's supporters from those working close to him is how much information they have. Among the subjects under discussion was the possibility of KDH [Christian Democratic Movement] support for the premier. The opinion was voiced that while he may gain popularity among less well-oriented KDH followers, KDH deputies reportedly are "deathly afraid of a bolshevization of Slovakia," this primarily in connection with publicizing the names of the premier's closest collaborators in ZDS. It is generally assumed that the premier's next enemy (after liquidating nonsubmissive members of VPN) will be KDH and that representatives of KDH see clearly that in "a democracy guaranteed by premier Meciar there will be no room left for them. There was even the sad conclusion that presently KDH is conducting itself a great deal more democratically than the premier.

Naturally there was talk in the VPN Slovak Council about the political background of the crisis. Let me cite three interpretations. According to one of the leading VPN economists, premier Meciar knew that within a year the first positive results of a radical reform would be felt and that it is precisely now that he has the ideal chance of victory in the struggle for power: "He did not want to give economic reform a chance." In the opinion of another delegate V. Meciar simply became frightened of screenings, the Constitution and reform, and so "walked out with thirteen." The most pessimistic diagnosis of what is currently going on in Slovakia is that we are faced with a "national socialist coup." Comparisons with February 1948 also cropped up, and much attention among the meeting's participants was aroused by a report by Marcel Stryko, a Slovak National Council deputy, on his recent conversation with the Soviet consul in Bratislava: "Mr. Orlov is well informed about the situation in Slovakia, travels to okreses, pays visits to VPN people. He told me that the USSR will under no circumstances raise protest against a division [rozdelenie] of CSFR and was very surprised that at Topolcany VPN failed to elect as its leader such an able politician as V. Meciar. I am afraid more than I was two years ago," said Marcel Stryko.

The discussion also raised the issue of adopting a stand on ZDS, considering that it "does not offer any distinct program or new ideas." M. Kusy said the issue was not whether to expel or not: "We have no one to expel—they left on their own. We can merely express our position on that. V. Meciar has left VPN and today does not represent VPN in the government. His position as the head of government is in violation of the election results and relations in the coalition."

The fact is that present-day Slovakia can hardly be described as a model of parliamentary democracy. V.

Meciar himself offered a revealing comment: "What will be is what the people will permit." If as the premier he should lose VPN support, his solidifying role of "the nation's leader" would apparently dissuade the parliament from replacing the prime minister. It was clearly the overall atmosphere in Slovakia which the premier is brilliantly exploiting to strengthen his authority that led the VPN Slovak Council to pay so much attention to his person, even though it paradoxically turned out that Vladimir Meciar is not a VPN member. Like Minister Knazko, he has not filed a membership application. This I believe is good news for the parties oriented toward nationalism and the left, in case that VPN members decide to prefer democracy over the "For a Democratic Slovakia" platform.

POLAND

Administration's Foreign Policy Goals Examined

91EP0341A Warsaw *POLITYKA* in Polish No 9,
2 Mar 91 pp 1, 14

[Article by Adam Krzeminski and Wieslaw Wladyka: "A Molotov Cocktail"]

[Text] What kind of foreign policy do we have, what kind should we have, and in general, what kind can we afford? This Poland of ours is a proud but weak state stretching between the East and the West, laying a claim to being European and sending two hospital ships to the area of the Persian Gulf, winning a border skirmish with a convoy of unmarked trucks but losing a press campaign on this topic with both of our neighbors, dreaming about historic turning points not unlike the baptism of Poland or the Lublin Union, but learning to talk to the Czechs and the Hungarians with difficulty. In recent days, we have learned something about this policy due to, among other things, a speech by Minister Skubiszewski in the Sejm. However, are the Polish strategy and tactics in foreign policy clear?

Every other article on the position of Poland in the world begins by stating that the power of a state does not hinge on its square area or the number of its population, but on its economic efficiency, its presence as a partner in the world market of products, on a stable society, and peace in relations with its immediate neighbors. One article in three begins by stating that we are finally independent but still caught in the traditional vise "between Russia and Germany." One article in four ponders what the condition of our army is. This also reflects the array of votes during a recent debate in the Sejm on foreign policy.

Let us begin from the end. We do have an army, but an army that is still entangled in old military doctrines, equipped with materiel which is right now being compromised in Iraq, and devoid of not only smart weapons but also of smart concepts. After all, what else can this

army do, except engage in limited technical modernization for which there are no funds, and switch to professional territorial defense and guarding the borders against masses of illegal refugees from the East, as well as prepare to be built into the new collective security arrangements in Europe, in which the sovereignty of states will be increasingly clipped by their international ties.

Therefore, an army of whatever kind, professional or draft, will not increase our power on the outside. This power may only develop on the basis of domestic efficiency, organization and effort, new laws and customs—of everything that will actually bring us closer, with every passing day, to West European standards and the benefits of their civilization. Only then will we be able to engage in politics on the outside and earn ourselves a worthy place at the conference tables.

However, is it not true that at present finding a path to the most efficient civilizations and ensuring the goodwill and confidence of those who dictate terms today and will dictate them tomorrow, depend, among other things, precisely on foreign policy?

It appears that the goodwill toward us is holding, but so is a lack of confidence. Forcing the Walesa team to accept Balcerowicz's participation in the new government on the terms which he demanded indicates the notions and unyielding attitude of Washington; it also indicates the borders of independence in the domestic policy of Poland as long as our country wishes to still seek opportunities and support for itself in the West. The fact that the responsibility for the mode of making internal policy is greater and, shall we say, more complicated than it appeared to be at rallies has slowly dawned on the camp which was victorious in the presidential elections, but it has dawned after all. It has also dawned on them that this manipulation of the emotions of crowds and easy promises will result in a bill which will soon have to be paid in front of the gates of the Belweder.

Balcerowicz is one issue, and the utopia of liberal economic solutions as a cure-all for all difficulties is another. Even now, the prime minister contradicts himself, coming out against the doctrine which he previously preached. He says that the state should be more active and should intervene on a greater scale in economic processes, that acceleration will be introduced with a delay, and certainly at a slower pace, that the PPWW [tax on excess wage growth] is bad, but not entirely, and so on, and so forth. Difficulties with an inefficient economy are one thing, and a glance at foreign countries is another. It is very easy to encounter in the United States, Germany, England, or Japan charges of [Polish] disorder and incompetence and, as a result reserve, if not restrictions, with regard to Poland.

The American Option

Polish foreign policy must dispel these doubts and, at the same time, become involved in the world play of interests, and on terms which have a negligible influence,

precisely because we are weak and, as a matter of fact, we are not a party to any pact. To be sure, the old, post-Yalta system is collapsing. However, its claws may still hold us back, whereas a new arrangement is still not emerging, even more so because of the war in the Persian Gulf and the crisis in the Soviet Union still leave us with many unknowns.

Certain circumstantial evidence indicates that in this fluid situation Warsaw is trying to find support primarily across the ocean by Americanizing its foreign policy. Could it be that the shadow of Washington will loom over Poland as the Kremlin withdraws? It appears that there are rational prerequisites for this policy. Help should be sought everywhere it is possible to secure it, and especially with those who are the strongest and the richest, while at the same time not situated so close as to play the role of a sovereign with regard to a vassal. This Americanization of our policy includes not only support for the U.S. position against Western Europe at the GATT conference, not only an appeal for blind support for the United States in the Gulf conflict, but also a certain selection of new political elites and a fascination with the presidential system. Prime Minister Bielecki, who likes to pepper his conversations with English words, and Deputy Prime Minister Balcerowicz are our "Anglo-Saxons," and the arrival of American companies such as ITT and so on, indicates that we prefer aid from the United States to that from the Germans, who are closer to us but inscrutable. As it were, these are merely hypothetical choices because trade has its own laws anyway, and the Germans have already become our largest commercial partner; it is precisely the Germans who account for one-fourth of our entire [trade] turnover.

This Americanization causes reservations. On television, Stefan Kurowski unequivocally cautioned against changing Moscow for Washington, to which deputy chief of the NBP [National Bank of Poland], who incidentally until recently was an employee of the World Bank, responded that such is the logic of switching from one system to another. It is easier to bear the sometimes humiliating instructions when they come from those who are efficient and rich even when they resemble gestures of the kind that what is good for America is good for you too.

Betting on America, although this betting perhaps amounts to hanging on, is to serve as insurance for our entry into Europe which we appear to be a little bit afraid of. A love affair with the French is uncertain, arrangements with the British are unclear, whereas our shortest way, through Germany, presents the greatest problem for us. This most natural and most serious partner still evokes resistance. We still have not found either a common interest or a common language for communication. After all, the Germans, just as we, fall into historical traps in our relations. A continuous discussion is under way in the FRANKFURTER ALGEMEINE ZEITUNG on the topic of Polish blame and unfair borders, and DIE ZEIT recalls that the fear of economic

domination by Germany in Central Europe is highly justified historically. We are still not quite capable of creating positive models. As a result, the Americans will modernize our railroads, the French are taking care of the telephones, and the wreck of our automobile industry will fall to the Italians. The Germans are the only ones not to be seen, but the turnover in trade is growing.

It is said that a Germany strongly integrated with Europe does not pose any threat to us. It is said that America is a guarantor of the balance of forces in Europe. To be sure, more than that has already been said, but indeed, logically the Americans could be our insurance. However, if we are going to be excessively American and find our own common interest with Germany, the latter continental power will find its own way to the Czechs and Russians while we will complain about "the shadow of Rapallo" and "the Czech Germanophilia."

A Strategic Decision

A rapprochement with Czechoslovakia and Hungary and the Pentagonal Group is a prop for our foreign policy, although a most commendable prop. This is a completely rational prop, but one that avoids the fundamental decision of what is to be done about Germany. The point is that at present Poland needs a strategic decision to be made of the same import as, in its time, the decision of the Piasts on whom to accept Christianity from in order to become a part of Europe, or the decision on a union with Lithuania in the 14th century. Unfortunately, we do not have political elites with the strength of character and charisma it takes to set forth and implement such a strategic decision. To be sure, there is talk of returning to Europe, but all teams avoid openly raising the issue of this return requiring Poland to surrender at least a part of our most beloved sovereignty in favor of supranational institutions and normal rules for the migration of people and capital. [They also avoid raising] the issue of us being governed not only by Warsaw (and regional capitals if regions do emerge in our country) but also by Brussels, Frankfurt, and Strasbourg as we try to enter Europe, overcoming the resistance of rich countries to the onslaught of us, the poor. [Nor do they refer to the fact] that by becoming full-fledged Europeans we will have to open our country to an extensive immigration of Germans, Italians, Turks, and so on, that this is the end of the "Poland of the Piasts" and the neo-Jagiellonian "dreams of might." Wanting to become Europeans, we will enter the salon as a poor cousin, at best as the Portuguese, not even as the Spaniards, a poor cousin who has yet to fight for his place in the family, changing a large segment of his identity—without ceasing to be a Pole, but while learning this role absolutely anew in such a manner as to reconcile one's interests with those of others.

Our governing elites, not only the current government and the current president but also the current nonparliamentary opposition of a post-National Democracy tint and the existing parliamentary opposition of the post-PZPR [Polish United Workers Party] tint, have not

made such a strategic decision and do not want to make it. Therefore, we will wait, and practice the policy of props, compensatory meetings, gestures of the Three Knights [as published], verbal wars, and TV commentaries, but without international substance.

The truth is that at present the primacy of domestic policy over foreign policy applies in Polish politics, despite the pro-American sympathies. It is important how the working masses behave, whether the miners will keep calling Walesa a "ciul" [oaf], whether Gdansk will hold on to Warsaw, whether the right will wail to the voters to the point of their fearing "a post-Communist offensive," causing them to vote in a Christian and national manner. It is the debate about the date of elections and the PPWW [tax on excess wages] that counts rather than that about the way to Europe. Also, there is no center which determines Polish policy. The Belweder, which is learning about its responsibilities and is only now discovering what it can and cannot do, by doing things the amateurishness of which is breathtaking, is not such a center. The government, which through its prime minister talks about the neutrality of Poland and through its minister of foreign affairs retracts excessively inconsiderate wordings, is not such a center either. At present, the authorities do not have a strategist, instead they have a thorough and cautious executor in foreign policy in the person of Minister Skubiszewski who, together with Prime Minister Bielecki, makes a good team. However, at present, he is pulling his weight single-handedly, pushed and blocked, urged and kept back by all kind of power centers and public opinion.

The results of this mess are not exactly the best because even Minister Skubiszewski is not in a position to iron out and mitigate all misunderstandings and internal skirmishes which affect our image abroad.

A Truck War

The war over permitting 200 trucks, loaded with surplus of the NVA [National People's Army], the former GDR army, as a gift of the Bundeswehr to the Russian Orthodox Church, to pass through and the issue of withdrawing Soviet troops from Poland are textbook examples.

The entire issue was and is handled exclusively from the point of view of domestic policy, without taking the cost incurred abroad into account. To be sure, in 1990 Poland proceeded with more restraint than the Czechs or the Hungarians. There were significant reasons for this. First, the military presence of the USSR in Poland was considerably smaller compared to these countries. Second, the Mazowiecki government did not want to prematurely expose Poland before the issue of recognizing the border along the Odra and Nysa was settled. As we recall, as late as the beginning of this year there was so much indiscretion on the part of the Germans that our neurosis was well sustained. We may accuse the government of being too cautious with inviting the Russians to leave; however, we cannot show off in front

of our public at present on this account how strong we were against the "Russkies," and how we gave them hell. To be sure, we have satisfied our feeling of self-worth, but we have gained little in Europe in the way of understanding and sympathy by kicking up a fuss regarding these 50,000 Soviet soldiers in Poland and the 200 trucks in Cottbus.

A Western diplomat says: "You were right about this shipment. The trucks should be marked and secured. However, you behaved in such a manner that most of the commentaries in the West were directed against you. The arrogant tone of your press and diplomacy caused the following to be said: 'This is a combination of Polish rapacity with Polish delusions of grandeur.' You were right, but the Russians scored the points." This is the essence of foreign policy—how to score points, when to be right and how, how to resolve conflicts, when to avoid them and when to reveal them in order to gain the support, understanding, or at least the attention of your neighbors. We are not capable of making a play for all of this. Neither of the elements which combine to produce foreign policy, diplomacy, and public opinion, is exactly working the best. We know the case of a ranking functionary of the Ministry of Foreign Affairs who, through carrying on arrogantly and showing conceit and scorn for our neighbors from the West and the East, who are, after all, much stronger than we are, caused the Germans and the Russians to shake their heads together over Polish buffoonery. We also know about TV commentaries in which the Soviet Union is referred to as a band of gangsters which wants nothing but to turn Warsaw into the seat of a province. We will not score points in either the East or the West as long as we publicly take out our complexes and frustration.

As long as we use solely our domestic policy as a screen for our verbal and diplomatic demonstrations, we will have difficulties in direct relations with our immediate neighbors. Foreign policy also includes—and at times, consists first of all of—style and elegance, which is what we lack at the current stage of acceleration, with certain exceptions. People "drafted from the underground" first of all want to like themselves rather than to build bridges for our country step by step. In turn, the departing cadres are likewise incapable of overcoming themselves, and are prolonging their existence for mere months rather than reinforcing the standing of the country. The result is such that we mark time.

Far From Specifics

Paradoxically, at present, Polish foreign policy appears to be no less ideological than under the Reds. Then, it fit the interests of the bloc, whereas now it fits the sentiments of the streets which have been deliberately set swinging in the course of a power struggle. Last year's demonstrations in front of Soviet consulates and the slogan "Russkies go home" were offered on the wave of acceleration and a struggle for the presidential office. Walesa began his campaign by demanding that all troops be withdrawn. The current linkage between the transit of

Soviet troops from Germany and the withdrawal of the Russians from Poland may be correct, and apparently it is going to lead to a partial success; however, it has been played up in a hysterical manner, irritating both the Germans and the Russians and agitating our public opinion—in a way, creating an emotional cauldron which, to be sure, we like, but which burdens rather than propels us along in our march toward Europe.

As it is, the questions then are, what do we want on the East-West axis and what does opening up to the world mean in practical, specific terms?

Let us once again begin with Germany, because in this matter we have the least to say, contrary to appearances. Our interests involve expanding specific cooperation, opening the border to us, developing a Polish lobby in Germany, and getting the Germans used to us as regular partners capable of cooperation. We are separated by rancor and fears, but we are united by opportunities. This may not be the time for grand fraternization and reconciliation; however, it is time to enhance border crossings and telephone links, and for customs and police services to cooperate. Meanwhile, our police seek contacts with the Americans (because the uniforms are fashionable) and with the French; yet, we do not have an agreement on cooperation in fighting crime with the German police, who will have to deal more with our [criminals] than the Americans or the French. We are not cooperating in the computerization of border crossings; many other specific, small endeavors which would link us with the bond of common interests are not there. A great treaty which we will sign at any moment will merely provide a framework for this cooperation. The question is whether our side also has the will to fill in the framework with specifics.

Relations with the Soviet Union are the second and more difficult issue. To a degree, difficulties in this instance can be understood. This usually happens when a divorce comes about, and the stronger party which is being abandoned feels that his pride has been wounded. However, a lot depends on the weaker party as well—the method and the tactfulness of separating—all the more so because Poland and the USSR will not drop out of sight. Our roots are forever in the ground, here, where we are, and we will remain neighbors. Meanwhile, judging from many Polish comments, the only policy we have is to wait for the Soviet Union to fall apart and to support the Lithuanians in their struggle for independence. The Lithuanians are entitled to independence, and they will have it. However, the point is that, in this instance as well, policy cannot be based only on expressing sympathies and emotions, but should rather be based on arranging relations with the Soviet Union, which will survive this storm one way or the other, slimmed down or not, and will remain our neighbor. It does matter to us whether this neighbor is well-disposed or ill-disposed toward us. In this matter, we have not scored many points. Do our specialists on forming public opinion really believe that these 50,000 Soviet soldiers will become the rear guard of the Soviet reconquest of

Poland after the withdrawal from Germany? We feel that our Polish pride is wounded by the fact that the Russians may withdraw from Poland—how awful!—last, whereas, after all, we are the best because we were the ones to start it all, and so on, the entire litany—is this the only point? Could it not be done in such a way that we would finally reach some compromise calmly and without shouting to the effect that the Russians would withdraw from Poland gradually (this has already been announced). However, until the last soldier leaves Germany, some skeletal technical services of the transit route would remain here, and so on. The problem of our relations with the Soviet Union or a state which will emerge from the USSR (after all, it is not going to be just Russia, despite what the proponents of the disintegration of “the Red devil” say), will once again mean developing a strategy and lasting relations, and a role which we may play without standing against barbarity like a bulwark of Europe, but as an actual part of two worlds, the West and the East. Even when we establish links to the EEC, and perhaps even NATO—though it is more likely that some new security system based on the Conference on Security and Cooperation in Europe will emerge—even in this united Europe, our role will be to open up to the East, just the same as the role of France is to open up to Arab states, the role of England is to extend the Anglo-Saxon line, and the role of Germany.... Germany is still looking for a role.

It may have to do with the fact that we are not capable of pursuing a calm, effective, and subtle Eastern policy because we have a tangle of resentments, emotions, fears, and sympathies, but we do not have strategic thinking in the categories of measurable interests. Our policy still remains a policy of symbols rather than pragmatic opportunities. A case in point is the loss [of an opportunity] to participate in a gigantic program of building housing for Soviet soldiers in Russia, the Ukraine, and Belorussia. The map of investment projects is imposing. However, when they were distributed, we were fighting the 200 trucks, and freezing Orthodox clergymen [stood] before the cameras—not necessarily Polish cameras—saying that they absolutely failed to understand why Poland was hampering charitable aid which was eagerly awaited in Moscow.

Poles in the Sands of Arabia

This review of the direction of Polish foreign policy is strikingly provincial, and it is restricted to a short European perspective, whereas issues essential for the world are being resolved in the Persian Gulf. It is there that roles are being divided for the coming decades rather than—despite our emotional bond with the Lithuanians—in Vilnius. In Iraq, the world role of the United States and NATO is being decided, as well as the status of Arab states. The masterly manner in which the USSR has managed to play its cards in this region is very instructive; it supports the United States, and at the same time is an intermediary with Iraq. When the war is over, the USSR will be present in this region. Despite the fact that Gorbachev can no longer go down in history

with a smile, as the Gorby in whose honor Bonn and Paris cheered, it is still not ruled out that he will go down in history as a Soviet Bismarck who will plug a renewed USSR into world politics based on new principles, by blood and iron, and at the same time by skillful diplomatic juggling.

It is good that the Poles are present, at least symbolically, in the Persian Gulf, and it is good that their presence has the form of hospital ships rather than, say, 200 foot soldiers who would get in the way with their Kalashnikovs, interfering with the transportation of missiles and fuel-air explosives. It is also good that, following the initial fascination with the technical efficiency of smart weapons, there is more news in our mass media about the victims of the war. There is nothing worse than the emotions of a weakling when an athlete trounces a weaker guy, even if the latter happens to be a rascal. After all, we did allow him to make trouble, we armed him with Polish tanks, German electronics, and American, French, and British materiel. This war is not a boxing bout, and if some peace treaty emerged from it in the Middle East it would be good for us to be present there, but without screaming that here are 4,000 years looking at us, the Poles.

Poland should steer clear of everything that brings back the old sneers that we are "a natural phenomenon," a state whose politicians pull original ideas out of a hat. Perhaps, this is the best time for the president to issue a proclamation for the people concerning strategic choices for Polish foreign policy, as well as for the prime minister to sort them into tactical objectives, and for the minister of foreign affairs to explain how we can achieve them. A rational approach and moral values should shape this policy. We know that much. However, we would like to be sure that rationalism will not change into cynicism, and values will not change into messianic notions, a mix of which results in a Molotov cocktail.

YUGOSLAVIA

Views of New Macedonian Premier Nikola Kljusev

91BA0450B Belgrade BORBA in Serbo-Croatian
2 Apr 91 p 11

[Interview with Macedonian Premier Nikola Kljusev by Dragan Nikolic; place and date not given: "Let Us Be Bound by at Least One Thread"—first paragraph is BORBA introduction]

[Text] Macedonia is not hastening the disintegration of Yugoslavia. I support the plan for strict monetary restraint and a unified currency throughout Yugoslavia. A self-sufficient Macedonian market is utopian, and every closing of doors in the republic and country is suicide. If Yugoslav policy remains as it is, we will have to seek partners inside and outside the country, we will develop a system of concessions in order to accelerate the development of Macedonia.

"If we turn a deaf ear to even the minimum conditions, this means that we, in fact, desire the total disintegration of Yugoslavia. The question relates to an irresponsible attitude by the country's political structures. There must be something that binds us and that can form a basis for developing a new vision of the community. If we do not have even the minimum of elementary conditions, it is obvious that disintegration and chaos are inevitable. Naturally, Macedonia supports the FEC [Federal Executive Council] program for the interim period, even though we feel a significant burden from this period. In my first meeting with Prime Minister Ante Markovic, I will ask that some solutions be devised with respect to the budget, the Federal Fund, and payments for secured goods, because social tensions are such that the system is simply falling apart. If disintegration must happen already, at least we know who is accelerating it. In any case, Macedonia is not," said at the outset Dr. Nikola Kljusev, the new premier of the Macedonian government.

[Nikolic] There are currently several options in circulation concerning the country's structure. Are there any calculations of how much these options will cost?

[Kljusev] I am convinced that all sovereign Yugoslav states want to exist within the Yugoslav community, naturally based on the option that is of maximum advantage to all, even if that option is founded on minimum postulates. I have said: Let us be bound by at least one thread, but let it be connective tissue, so that no one is a foreigner in the territory of Yugoslavia. This thread could be, for example, the monetary system or the mechanism of defense, reduced to a realistic level and without a parallel system of the Army and the citizens, which could safeguard the borders of all our sovereign republics. I support the plan for strict monetary restraint and a unified currency in the Yugoslav area. We do not conceive of sovereignty as a complete closing of doors, with a national currency, customs, passports, and so on, because that would be in conflict with the European processes. If sovereignty were to be effected in that way, this could be fatal to a single Yugoslav statehood.

Hard To Acknowledge

[Nikolic] Is it necessary that the drama of changing over from one system to another, which is currently under way in the entire post-communist world, be accompanied everywhere by bloodshed, or is it possible without it?

[Kljusev] The strained interethnic relations in our country mean that such a danger does exist. That would be a fatal, utterly bleak solution. The last 10 years of our century will be a decade of transition from one system to another. We will all be participants and witnesses in this process, as well as in the development of a legal, political, and economic model, the physiognomy and repercussions of which we lack adequate scientific knowledge about. For Yugoslavia, an aggravating circumstance is the fact that it is multinational, that the coefficient of

nationalist tensions is very high, that our religious environment is so variegated, and that, too, stirs up nationalism. And finally, there is the legacy of the fear of paternalism and unitarism. If we do not establish some sort of connective tissue during this transitional period, the option of civil war will loom large. It is true that the countries around us, in Europe and the world, are not in favor of this. Today, it is not enough for a state to have sovereignty; it must also have international recognition, which is not that easy to get, a fact that is borne out by the results of meetings held by traveling representatives of some of our republics. The world sees us differently.

[Nikolic] According to some, Macedonia's salvation lies in the Yugoslav market, while according to others it is in its own sovereign market. What do you think about this?

[Kljusev] Look, the market has no borders. We must conduct ourselves with an equal amount of responsibility on both the Macedonian and the Yugoslav markets. A self-sufficient Macedonian market, when there is an increasing degree of closeness and integration in the world, is utopian. Every closing of doors in the republic and country is suicide. Which is why I would pose a different question: Why are we closing doors when the world is opening them? Why have we been talking about a unified, and now a common market for 30 years while it has clearly not worked and yielded effects? There are noneconomic reasons for this. Not one economic subject wants to see a policy of doors being closed. The Macedonian economy is open to the Yugoslav market; 50 to 60 percent of its exports and imports are effected by that market. The political flip side has blocked the Yugoslav market, and also destroyed the intellectual effort towards a theoretical elaboration, which was conducted in the postwar years. The Macedonian economy is suffering today because of the blockades and the closing of the Yugoslav market.

Macedonia Will Not Close Its Doors

[Nikolic] Can anything about this be changed?

[Kljusev] We were an experimental country for 40 years. We have always longed for some sort of originality, which was the utopian ambition of our political leadership. Continual reforms created a drugged state in the economy and noneconomy. Economists were more concerned with statutes and regulations than with issues of profitmaking, the quality of production, or the organization of production. I take a somewhat broader view of these issues. We will not achieve anything unless we develop a new economic and political system, even though we are still unable, as I have already said, to discern the basic outline of this system. We in Macedonia are ready to begin the process of change. We feel that it is better to develop the new system than to adjust and put window dressing on the existing one, because if that is done in the short term, we will find ourselves in the same position. It is obvious to us that we cannot expect major effects in the short run. Hardships will have to be borne. But any sovereign state in Yugoslavia that

expects rapid effects will be disappointed. We will again be confronted with flagging spirits. This is why the most important thing right now is to allay the political storm and remove the blockade.

[Nikolic] Can Macedonia do anything in this sense, independent of how things unfold in the country?

[Kljusev] We will follow this course, and do so more emphatically. Nothing will stand in our way if Yugoslav politics remains as it is. We will seek partners inside and outside the country, we will develop a system of concessions as well as other controls, which will serve to accelerate the development of Macedonia. Macedonia will not close itself off politically, we will not adopt the logic of perpetually authenticating who and what we are. We have proclaimed a sovereign Macedonian state. It is normal that we participate in the development of the Yugoslav community, on the basis of political decisions by all interested members of it. But we must also open ourselves up to all others. We want to impose an envelopment of relations between labor and economic interests, but not of political games. If we establish such relations and if our partners accept this philosophy, it will be a positive leap.

Macedonian Parties for Spiritual Unity

[Nikolic] There is mention of individual initiatives, as a significant development reserve for Macedonia.

[Kljusev] Additional investment through private initiative is not being stimulated, and that will represent a major problem for us. Macedonians are industrious, frugal, and straightforward, they have the entrepreneurial spirit. Even in the times of privation in which we now live, 5,000 to 6,000 small enterprises have been established in Macedonia. Admittedly, their structure is not suitable, but using the mechanism of credit financing, we will change the current structure in favor of productive enterprises. We will send every dinar in that direction. Because there is a real possibility here of a large number of jobs. A period of fermentation, of learning, will also be necessary, of course. Right now, the tax system and the method of transactions are in disorder. Private initiatives must enjoy maximum rights and liberties, but the legal system must work, especially in the area of taxes. In the first phase, some form of pressure is necessary, which is rigorous in terms of discipline and responsibility. You see what is happening now. A period of psychological transformation in people is necessary in order for their attitude towards work and towards the state to change.

[Nikolic] Some parties advocate internationalizing the Macedonian question. Would internationalization help lead Macedonia into an area of even greater risk?

[Kljusev] We have no territorial pretensions towards anyone. We want to open up the door to economic and spiritual cooperation in the region, for people to be free, to communicate freely, to behave in a civilized fashion. That is our goal. We have no territorial pretensions

towards Greece, nor towards Bulgaria, nor towards Albania. I do not want to talk about the programs of political parties; that is not my domain. However, as far as I know, Macedonian parties are more or less seeking the same spiritual unity of Macedonians. Consequently, there is no pressure whatsoever on our part.

[Nikolic] It is said that the Macedonian government was an insular government.

[Kljusev] Our diplomatic service had usurped some of the rights of the republics: It was not acting affirmatively, especially in Macedonia. We will no longer support such a policy by the Yugoslav diplomatic service. Right now, a great deal of activity is under way by traveling ministers of our neighbors. However, the famous spirit of 1913 and 1918 will no longer work. We will invest our utmost effort and energy into putting our relations with those around us on a new foundation, into cooperating with our neighbors in a very honest, humane, and sophisticated manner. In this we expect the support of the Yugoslav community, and consequently of the world as well.

[Nikolic] Does Macedonia face social unrest?

[Kljusev] If relations in the federation are not cleared up, our outstanding debts are not paid, and the federation's obligations are not settled, and if we do not get started on new development projects which will open up an expansion, or at least halt the critical decline, then there is a danger of major social tension.

[Nikolic] You recently said that the Macedonian economy is "clinically dead." How did that happen?

[Kljusev] The economic structure of the Macedonian economy was developed in such a way that the raw materials-energy complex was dominant. Part of the profits were poured off from manufacturing, which is a form of exploitation, characteristic of a colonial economy. In its development our economy has not gone much further than the lowest phase of processing, and corresponding to the economies of developed republics, it was unavoidable that part of the profits would be poured off. At the moment, the Macedonian economy is bearing an additional burden from this. The Yugoslav market is not working, and now it is unable to repay its outstanding debts. The greatest amount is owed to it by Serbia and Croatia. Right now, the workers cannot get paid and are striking. Of course, we also had some political adventures into the economy, which have brought us stagnant capacities, such as "Feni" and "Konzervaeeksport," and a larger number of expanded capacities in the agro-processing sector.

[Nikolic] In its postwar development, Macedonia has relied on the resources of the Federal Fund, which has developed colonial structures. By order of the federation or on the basis of political decisions by the republic?

[Kljusev] As far as the key objects are concerned, everyone was pulling strings comparably. This was

linked to bank guarantees, and to political decisions. I remember that it was said, "Comrade Tito has agreed that we should build the ironworks." He even cut the ribbon. Meaning that the responsibilities were comparable. The subservient behavior of the republic's leadership contributed a great deal to the fact that we were a total failure. The prompting offered from outside was ingested without criticism.

A significant part of the money from the Federal Fund was invested in Kosovo power plants, and despite this our ironworks could not meet its production plan because it did not receive electricity from them. Outdated technology was bought, and in this way dead capacities were created. The metal foundry at the Skopje ironworks, for example, is not in operation today.

[Nikolic] What do you think of the personnel changes in the FEC, which are so much the subject of discussion today?

[Kljusev] We support the FEC program and Prime Minister Ante Markovic personally, because that program is basically good and the proposed minimum for the normal functioning of the state until a new agreement is reached concerning the future of Yugoslavia is absolutely necessary. This was discussed by the president of the Socialist Republic of Macedonia, Kiro Gligorov, after the meeting in Split, and I have nothing to add to it.

[Box, p 11]

Demilitarization of Macedonia?

[Nikolic] It has been mentioned that Macedonia should be a demilitarized region.

[Kljusev] Those are the views of individual parties that I would not join. For me, the system of defense must be, at least for now, organized across the entirety of Yugoslavia, provided that the military establishment is reconciled with the real possibilities of the Yugoslav community. The defense of our borders is the obligation of the JNA [Yugoslav People's Army]. But this does not mean that it should take advantage of its position to exert pressure on internal political conditions, which is a specific form of pretension towards putsches.

Macedonia—Free Trade Zone?

[Nikolic] You have mentioned that Macedonia could be a free trade zone?

[Kljusev] Its geopolitical position is favorable in that regard. Macedonia is the center of the Balkan peninsula. First, we thought that we would develop some sort of tourist oasis, as a duty free zone. That would not be very effective. Macedonia is a small area, but it is so blessed by nature. Our interest lies in opening ourselves up, like Singapore, Hong Kong, etc., who have done well with that. This would also be politically advantageous, because political tensions surrounding Macedonia would abate and a climate of cooperation would be created.

We are not abandoning the Yugoslav option. That is the basic premise from which we proceed. But we think that a free trade zone would be beneficial not only to Macedonia, but also to Yugoslavia.

Status of Vojvodina in United Serbia

91BA0450A Belgrade POLITIKA in Serbo-Croatian
2 Apr 91 p 6

[Interview with Yugoslav Kostic, member of SFRY Presidency and president of the Presidency of Vojvodina, by Toma Milic, in Belgrade on 31 March 1991: "Plitvice Incident Undermines Peaceful Dialogue"—first paragraph is POLITIKA introduction]

[Text] The repeated attacks by the Croatian police on the Serbian people could deteriorate into conflict with incalculable consequences for all of Yugoslavia and Europe. Vojvodina seeks Yugoslav Assembly debate on the program of and confidence in the Federal Executive Council [FEC]. The new Vojvodinan statute expunges all attributes of statehood from the province.

The dramatic political situation in Yugoslavia, Vojvodina's dissatisfaction with the FEC's program of measures, the new statute of the Province of Vojvodina, and his election as member of the SFRY Presidency were the reason for our interview with Yugoslav Kostic.

We met our interviewee the day before yesterday at the Palace of the Federation immediately before the emergency session of the SFRY Presidency devoted to the events in Plitvice. He was exasperated as never before. It was the weekend, it was no time for interviews, but the newly elected member of the SFRY Presidency complied with our request that he comment on the latest events in Yugoslavia and Vojvodina.

"Even in view of everything, I am an optimist," says Kostic. "Despite all the wrangling, I think that we will find a way out of the crisis by peaceful means. There have been many wars in these regions of ours. The forces of reason and honor must prevail. Of course, I am unhappy at the moment—for two reasons: First of all, because the Croatian police have alarmed the Serbs and the Yugoslav and world public opinion four times in a brief period of time. Creating incident situations in towns in Croatia—inhabited primarily by Serbs—does not contribute to finding a way out of the crisis. There are victims, but we get official assurances of the desire for a peaceful resolution of the accumulated misery. I think that some of the leaders of Croatia do not want a peaceful resolution of the crisis. Secondly, we have already established a democratic climate in the talks on the future of the country in the SFRY Presidency, through negotiations on the joint economic functions of the state, and we were facing negotiations on defense and human rights. After all of this, someone is now undermining it all. It is always hot-cold, hot-cold. For how long?"

Plitvice Was Consciously Taken Advantage Of

"I think that Plitvice has now been consciously taken advantage of in order to somehow nullify the democratic climate that has been created and the certain optimism that prevailed among the citizens throughout the country," Kostic continued. "It is painful for any patriot to realize that since the day before yesterday, Yugoslavia has returned to the front pages of world newspapers and radio and television broadcasts as one of the top trouble spots in the world. Events such as those that occurred the day before yesterday in Plitvice do not happen unintentionally and involuntarily, but rather intentionally in order to demonstrate the inviability of Yugoslavia and the senselessness of all talks about its future."

[Milic] Are we now further from a peaceful resolution to the Yugoslav crisis?

[Kostic] No matter how little anyone wants it to happen, the Plitvice incident will clearly put a chill on all upcoming talks. But we must calmly and prudently decide on each action. It is unfortunate that there were victims whose responsibility must be established. However, we must turn to the future. If we do not find a corresponding solution, the fate of all our peoples will be in question. Those who stage incidents such as the one in Plitvice must be aware that such conflict can be transformed into conflict with incalculable consequences for Yugoslavia and Europe.

[Milic] What do you think of the proposal by Presidents Milosevic and Tudjman that blockades be removed over the course of two months and that a way out of the Yugoslav crisis be found?

[Kostic] That would be fortunate for all the peoples of Yugoslavia, not only for the Serbs and Croats. However, I am not sure whether they are thinking here only of Serbian-Croatian relations, or of the entire Yugoslav crisis. In any event, their meeting in Split, as well as all other instances of dialogue that contribute to an easing of tension in Yugoslavia, are welcome. As far as time limits for an overall resolution of the Yugoslav crisis are concerned, it is a thankless task to stipulate such terms. Plitvice is an obvious example of this. There was a proposal before the Yugoslav Presidency to come up with a platform for the collective functions of a new Yugoslavia by June. Now it is unclear whether everything will be in order by then. The crisis is deepening. I personally would be happy if a resolution of the Yugoslav crisis could be achieved by the end of the year, and would be pleasantly surprised if it happened earlier.

[Milic] There have been various commentaries concerning whether the initiated meetings of the presidents of the republics (beyond the context of the SFRY Presidency) will contribute to a more rapid resolution of the crisis, or whether they will water down solutions even further.

[Kostic] I have already said that all talks and meetings by responsible people and institutions devoted to an honest

attempt to find solutions to the crisis are welcome. Included in this are republican leaders, republican parliaments, opposition parties, scientists, intellectuals, workers, and youth.

Federal Organs Have Permitted Erosion of Legal System

[Kostic] Naturally, only in order to resolve the crisis, and not to promote tensions among citizens. But I think that the Yugoslav Assembly is still the place where it is necessary to achieve the constitutionally mandated agreement on all questions, including the secession of a particular republic from Yugoslavia. Peacefully and without detriment to those who will remain in Yugoslavia, of course. Any unilateral solution will inevitably lead to conflict.

[Milic] The decisionmaking process in the SFRY Presidency has been commented on more frequently. We ask about this because individual members of the Presidency, upon returning to their republics, have provided different interpretations of announcements from Presidency sessions.

[Kostic] At sessions of the SFRY Presidency, decisions are made based on written rules of order and the established authorities—by counting votes. The discussion is tolerant and principled, but often with retorts. There are also sharp confrontations of opinions, but within the bounds of civilized dialogue. Announcements are put in writing and agreed to collectively. Any other interpretation is a fabrication.

[Milic] What is the position of the Federal Executive Council in the overall Yugoslav crisis?

[Kostic] The FEC and other federal organs missed the opportunity to halt the erosion of the legal system and other negative trends in time, in accordance with their constitutional authorities. In this way, they objectively contributed to the swelling of popular dissatisfaction in many parts of the country. With respect to the FEC's program of economic reform, it has hit Serbia and Vojvodina especially hard, although in recent times there have been many comments about that program in other republics as well. This program has literally caused Vojvodina to regress, or to state it better, it has done so to the vital branch of its economy: agriculture. Mr. Ante Markovic has turned a deaf ear to all requests by Serbia and Vojvodina that this program be reduced and innovated. This is why Vojvodina has formally called for debate in the Yugoslav Assembly on both the program and confidence in the FEC. At the same time, I remind you, we will ask that the Yugoslav Assembly issue a declaration concerning a referendum on the future of Yugoslavia.

Vojvodinans Want To Live in a Unified Yugoslavia

[Milic] Vojvodina is facing the adoption of the statute as the highest legal document in the province. What essentially is changed compared to the previous provincial constitution?

[Kostic] The new statute expunges all attributes of statehood from the Province of Vojvodina, which we have been insisting on for years in both the constitutions and the former leadership of Vojvodina. The nations and nationalities of Vojvodina have now expressed their unequivocal desire to live in a unified Serbia on an equal footing with the other citizens of Serbia. The statute abolishes the Presidency and the president of the Presidency of Vojvodina. The highest organs of power in the province will be the Assembly and the Executive Council of Vojvodina. The statute, which the Assembly of Vojvodina will adopt by the end of this month, is a new democratic achievement by all the citizens of Vojvodina. The democratic processes, which characterize all areas of work in the northern province, can no longer be halted by anyone, nor can Vojvodina be separated from Serbia and Yugoslavia.

Jovic Tells 'Truth' About Serbia, Yugoslavia

91BA0435A Belgrade POLITIKA in Serbo-Croatian 22, 23 Mar 91

[Article in two installments detailing an interview with Dr. Borisav Jovic, president of the Presidency of the SFRY, by NEW YORK TIMES NEWS SERVICE correspondent Cyrus Leo Sulzberger on 11 February; place not given: "Truth About Serbia and Yugoslavia Has Not Gone Out to the World; Greatest Threat to Yugoslavia Is From Within"]

[22 Mar p 5]

[Text] Dr. Borisav Jovic: "If Albanians in Yugoslavia or, more specifically, in Kosovo were able to say, 'We accept that we are citizens of the Republic of Serbia, we accept that we live in the Republic of Serbia, we do not seek our own state,' then everything would be resolved. But they will not do that."

In response to a request by the renowned American journalist and publicist Cyrus Leo Sulzberger, the author of many books, some of which have been translated into Serbo-Croatian, the journalist who at one time conducted an interview with Josip Broz as well as with several other leading Yugoslav figures, the president of the Presidency of the SFRY, Dr. Borisav Jovic, met with Mr. Sulzberger on 11 February of this year and, in the conversation that lasted exactly one hour and 45 minutes, he answered all the questions that were put to him. As can be seen from the authentic stenographic notes to which we have gained access, it was a very open and friendly conversation in which no subjects were avoided and no special demands were made by either party. The interlocutor of the president of the Presidency of the SFRY was very satisfied and, in view of his good and honest performance of the job for the service that engaged him to conduct the interview, he never dreamed that the whole thing would be shelved. But to all appearances, this is what happened, because a month and a half later, this interview has not yet seen the light of day.

Why?

The author of the interview, who points out that this has never happened to him in his long career, is unable to explain it.

Is it not perhaps because someone was in fact not interested in the truth about Yugoslavia and Serbia...

In any event, this is how the conversation went:

[Jovic] First of all, I want to welcome you to Yugoslavia; to tell you that Yugoslavia holds you and your work in high esteem; and everything that you have published about Yugoslavia in our country has been followed and read very attentively.

[Sulzberger] I am very glad to hear that and am flattered.

[Jovic] I can tell you that that was the main reason why I immediately agreed to talk with you; I am convinced that even today it is very important for the truth about Yugoslavia to be known and that this truth be told by people who are credible.

[Sulzberger] I am glad that I am the person who is credible here. However, I was also here 50 years ago—it is almost exactly 50 years, to the day—when the Germans were bombarding Belgrade, I was here during that time. However, in view of everything that is going on right now—the economic crisis—Yugoslavia, despite its victory in the war, has still not even come close to solving all its problems.

[Jovic] All of its problems have not been solved, because development brings with it new problems. But we are a long way away from where we were in 1950. Today, Yugoslavia has 7 million people with jobs, while in 1950 it had probably 2 million with jobs. That fact alone shows how far we have progressed.

[Sulzberger] If I may, I would like to ask you some personal questions, Mr. President.

When did you join the partisan movement during the war?

[Jovic] I was not involved with the partisans during the war because I was a child; however, after the war I joined the communist youth organization. Thus, I participated in our entire postwar development and building, but not during the war.

[Sulzberger] How old were you then? I do not know whether you knew Marshal Tito in those days. Did you have the opportunity to meet him then?

[Jovic] At the time, I was only able to see him, but I was not able to meet him.

[Sulzberger] And later?

[Jovic] Later I met him.

[Sulzberger] About when was that?

[Jovic] I met him personally between 1965 and 1970, when I was already a minister in the Serbian government.

[Sulzberger] You are so qualified in various areas that I do not know what you were minister of back then.

[Jovic] I was minister for planing and for economics.

[Sulzberger] That is quite a job. If I am not mistaken, according to the Constitution you will no longer be president as of May. As far as I know, moreover, under the Constitution we already know who will be your successor. Could you tell me the exact name of that gentleman, since the spelling of a lot of names is not my strong suit?

[Jovic] That is correct. The mandate of the Presidency lasts five years and rotates every year. As of 15 May, the post of president will be occupied by Stjepan Mesic.

[Sulzberger] Is he a Serb?

[Jovic] No, he is from Croatia.

[Sulzberger] Will this please the Croats, even though it was already known that a Croat would become president of the Presidency beginning in May? Because unfortunately, there are so many problems right now between many Serbs and many Croats. Will that action in some way have a calming effect on Croats—once they see that a Croat will be the president of the Presidency?

[Jovic] I assume that they are pleased, but they could tell you about it more accurately. However, I must say that the president is one person among equals and that the Presidency reaches decisions collectively; there is only a small possibility that the presiding figure will have critical influence over the type of decision.

[Sulzberger] The reason I asked this question is that as a long-standing friend of Yugoslavia, I am interested in seeing if there is something, anything, that could have a calming effect on Yugoslavia.

[Jovic] Do you think that the change in president is a factor that will have a calming effect?

[Sulzberger] At least symbolically.

[Jovic] If that is so, then the Serbs could become alarmed.

[Sulzberger] Both sides, both groups know what the Constitution says.

[Jovic] In what sense?

[Sulzberger] When it is someone's turn.

[Jovic] That is respect for the Constitution. Respect for the Constitution is something that we in the Presidency also support. I think that there is no reason for anyone either to become alarmed or to be particularly happy about the fact that someone from Croatia is coming. This is because the decisionmaking process on the Presidency

is well known; decisions on the Presidency are taken by a majority vote, and the decisions are those adopted by a majority, regardless of who the president is.

I can tell you that each member of the Presidency has the right to demand that the Presidency be convened, and each member has the right to demand that a particular question be placed on the agenda. In this regard, the president does not have a particularly great opportunity to make any decisions whatsoever, nor to carry out any steps that are not agreed to by the others.

Furthermore, nothing essential will change on 15 May in terms of the function of the Presidency, regardless of who is president.

[Sulzberger] Did some foreign country serve as a model for this system, say, Switzerland?

[Jovic] I cannot say, because I was not involved in the creation of this system. But I must say that it is the result of our internal problems, which we have been unable to resolve in any other way. Because on the one hand is the desire to establish interethnic equality in decisionmaking, while on the other hand, probably, is the still insufficient level of mutual trust necessary to relinquish that desire, trust towards an individual, regardless of what nation he is from.

[Sulzberger] It is not simple enough to be able to proclaim absolute equality among human beings. We know that people are people; some are good people while some are less good people; some are more educated while some are less educated. Furthermore, we in America know that we have had good and bad presidents.

[Jovic] Here, the question is national equality, not human equality.

[Sulzberger] Yes, that can be prescribed by legislation—national equality.

But if I could move to another subject. I came here very worried about the economic situation in your country. Since I know that you, Mr. President, are an expert in economic and financial questions, I think that you could tell me whether or not I am wrong to be worried about this.

[Jovic] I used to be involved with economic questions, but I would not say that I am an expert today, because there are many experts better than I. But I too am very worried.

We have entered into a very difficult phase, from which we must seek a way out, and that phase is one of opening up markets, adapting our system to a market economy and to the major difficulties experienced by our enterprises in withstanding this.

We have a significant decline in production and social problems.

[Sulzberger] What is the value of the dinar in dollars today? Since I am writing for American newspapers, I ask for the value of the dinar in terms of dollars and not in terms of, say, the French franc or the British pound.

[Jovic] As far as I know, around 13 dinars equal one dollar.

[Sulzberger] That is a big change over the past five or 10 years!

[Jovic] I'll say. In the past year, we have halted the rapid fall in the value of the national currency, but in previous years the annual slide was such that the dinar lost very, very much in relation to the dollar.

[Sulzberger] I hope that you will be able to maintain that brake even further.

[Jovic] That would be great.

[Sulzberger] Not only for Yugoslavia, but also for all of Europe, and for the world.

[Jovic] I agree. However, it clearly will not be easy. The problem lies with the ability of our economy to produce higher quality goods for the world market and to withstand competition on the domestic market, and that is not easy without additional accumulation, of which we lack an adequate amount right now, and which we, to a large extent, expect from foreign partners, who would have to be interested in investing in our economy.

[Sulzberger] When you say that, I assume that you are thinking in terms of loans?

[Jovic] Not only in terms of loans; loans too are possible. But the forms of foreign investment would probably have to be diversified as well with regard to direct investments by foreigners—here, in view of the fact that today there is no distinction between domestic, foreign, and mixed enterprises—with regard to economic conditions, including repatriation, profits—foreigners too can invest here, just as in their own country—as far as that is concerned.

[Sulzberger] Does that mean that they can also take their profits out of the country?

[Jovic] Without restriction.

[Sulzberger] That is a major concession—and very conducive.

I have another question in connection with valuations, in dollars, insofar as it is possible. What is the total Yugoslav debt, both in terms of what is owed to foreign countries and in terms of the domestic debt?

[Jovic] As far as I know, our foreign debt, today, is around \$16 billion. Repayment of this debt accounts for around 20 percent of the annual exports. Thus, we are not overburdened in our repayment, even though the debt level is still relatively high.

As far as the domestic debt is concerned, in all honesty I hear different figures, but it appears that it is even greater than the foreign debt.

[Sulzberger] The foreign debt has major implications in the political sense, I assume; but I also assume that the domestic debt has major implications—both in terms of domestic policy and in terms of the happiness and well-being of the people.

[Jovic] I agree with you. "Debt is a bad friend."

However, as far as the foreign debt is concerned, we have stabilized our situation such that the balance of payments is in a relatively good state; the foreign exchange reserves allow us to trade with foreign countries normally. Despite the sharp rise in imports, we are servicing our foreign debts normally and carrying on business normally.

The problem is that it is not easy for the economy to adapt, in terms of all its business dealings, to the heightened competition on the domestic market. But that is a problem concerning its productivity, which must increase.

Perhaps you will be surprised to learn that compared to 1950—but we could very easily compare to other years—our country today has no duty on 92 percent of the value of imported goods; every enterprise, be it private, state-run, or mixed, can import completely free of duty, without any restrictions whatsoever—more than 90 percent of all goods.

[Sulzberger] Ninety-two percent of all Yugoslav imports?

[Jovic] Yes. Only 8 percent is subject to controls. As for the rest, whoever wants to can import whatever he wants, in whatever quantity he wants. This means that all you have to do is go to the bank, deposit dinars and give instructions that payment be made in foreign exchange for what you are importing.

Under these circumstances, our balance of payments works well. In the past year, we have even had an incredible system not shared by other countries—the question is whether it has been sensible. Every citizen has been able to buy foreign exchange for dinars, as much as he wants, and to take it abroad in unlimited quantities. We have stopped this now, because there were major problems; because the foreign exchange was then being sold to citizens of East European countries, and that was a "bottomless pit."

[Sulzberger] I did not know that there were any of them (Albanians) in Montenegro [as published].

[Jovic] There are some of them in Montenegro as well, but not as large a percentage as in Macedonia.

As far as their rights are concerned, the main reason for disagreement and misunderstanding in the Albanian question in Yugoslavia comes from the fact that they are demanding one right that cannot be given to them and

that the international community does not recognize anywhere, for anyone. That is that a national minority be given the right to form a national state within Yugoslavia. But if Albanians in Yugoslavia or, more specifically, in Kosovo were able to say, "We accept that we are citizens of the Republic of Serbia, we accept that we live in the Republic of Serbia, we do not seek our own state," then everything would be resolved. But they will not do that. They demand a republic in Yugoslavia. Thus, secession from Serbia. According to our Constitution, a republic has the right to secede from Yugoslavia, and their ultimate goal is secession from Yugoslavia.

In the West, there is flippant acceptance of the idea that perhaps by giving them a republic in Yugoslavia, but not secession from Yugoslavia, this could be a solution.

Besides the argument that I have already noted—that they are not a Yugoslav nation, but rather a national minority—one must also keep in mind that the territory in which they live is Serbian territory, where both Serbs and Montenegrins live at the same time; where the greatest Serbian holy sights are located: monasteries, battlefields, historical monuments. Indeed, it is here that the Serbian state was created, and here it has been for centuries. This would be unacceptable to Serbia, regardless of whether it were acceptable from someone else's point of view.

We have proposed and are still proposing that the rights of Albanians in Kosovo based on our Constitution and laws be compared to the rights of all other national minorities in Europe and in the world; in that case, one could see that they have everything in their own language, from administration and elementary schools to universities and an academy of sciences, libraries, radio, television, a press, and everything else. Indeed, they have everything that every other nation in Yugoslavia has; the only thing that we cannot give them is another Albanian state. They must accept that their state is Serbia in Yugoslavia.

And if it is a question of a state, then the only thing we can do is wage war over it; it cannot be resolved peacefully. We do not accept that this is a question of human rights; it is a question of a demand for a right to which they are not entitled. This means that in questions of human rights we are at some sort of pinnacle. Human rights are violated everywhere. We are opposed to these violations. But this applies to Serbs as well as Macedonians, Montenegrins as well as Albanians. Respect for human rights must be promoted universally.

[Box, p 5]

Not Even Autonomy Is Enough for Them

[Sulzberger] Well, people are people.

If I could turn from this complex, important, but rather unexciting part of our conversation, i.e., economic questions, to something that elicits full interest abroad. It is the legacy of political divisions among the various Yugoslav peoples in this country.

I have been in Albania twice, during the past year, and I spoke with a fair number of people there. They talk about their dissatisfaction: with the situation with which you are much more familiar than I; with the position of the Albanian majority in Kosovo and Serbian domination in Kosovo—and please note that this is their word, not a word that I added.

[Jovic] National divisions in Yugoslavia are a reality that we need not hide, because Yugoslavia has many nations; it has a national history that is different for every nation; we have lived here together for 70 plus years. Nevertheless, it is not at all surprising that national problems continue to exist, and we must solve them.

It would take too long to discuss the historical circumstances under which Yugoslavia was created, the conditions under which it developed, but I can tell you, in a word, that Yugoslavia has never been free of interethnic problems and that, naturally, it cannot be so today, either. The only question is whether these problems will be discerned in time and solved in an adequate manner or whether they will pile up and finally explode.

As far as the question of the Albanian minority in Yugoslavia is concerned, I must say that the Albanians have their own state in the Balkans—the Republic of Albania; that the Albanians in Yugoslavia are a national minority, with the exact same rights enjoyed by all citizens in Yugoslavia and with certain rights of autonomy—in the territory where they live—in Serbia; similarly, they also live in other republics, but have no autonomy there.

For your information, I must tell you that in Serbia Albanians make up 14 percent of the total population of Serbia, while they are around 20 percent in Macedonia. Similarly, just as they are primarily concentrated in one territory in Serbia, they are also mostly found in a concentrated territory in Macedonia, as well as in Montenegro. However, it is only in Serbia that they have been given autonomy, and it is against Serbia that they direct most of their reproaches.

[23 Mar p 5]

[Text] We are faced with solving the problem of the country's political future, which also presupposes the possibility of reshaping Yugoslavia, said the president of the Presidency of the SFRY in response to a question by an American journalist. The full truth about the illegal import of weapons from Hungary.

[Sulzberger] That is certainly true, but let us bring this discussion, about this difficult problem, to an end.

A Yugoslav friend of mine called yesterday to say that he had heard on the radio that major unrest had broken out on the ferry to Trieste between Albanians, Yugoslav Albanians, and the police. I do not know whether this is true. I did not hear about it anywhere else. I will tell you the name of this friend; he is not a well-known figure, but I would not want him to have any problems because of it.

[Jovic] I have not been informed. Anything is possible.

[Sulzberger] But surely the president would be informed. That would be absolutely impossible.

[Jovic] There is not even a ferry to Trieste. Perhaps there is one from Venice to Trieste. Don't you know where the ferry was traveling from?

[Sulzberger] To tell you the truth, I do not. I did not bother to ask any more questions, because all in all it sounded a little stupid to me.

[Jovic] There is a lot of disinformation; you should not rely on it.

[Sulzberger] That does not concern me; rather, I want to hear about everything. And I cannot think of anyone better and more qualified to know about it and to give me an answer about it than the state president.

[Jovic] Even if you assume that there was a scuffle and some sort of intervention, all of it could be normal within the context of incidents that can happen; it does not necessarily mean anything.

[Sulzberger] If I could interpolate with one of my memories from the Adriatic—the first time I traveled from Belgrade to Split. A friend sent a mutual friend to accompany me to Split. I remember arriving there, getting off the boat, and seeing some bodies lying on the shore. I asked, "What is that?" and he said, "Nothing." I said, "What is that, people lying there, dead?" He said, "So what? In our country there are more dead people on election day than there are in Greece during a revolution." And my wife was Greek.

[Jovic] When was that?

[Sulzberger] I have trouble remembering, because I have come and gone so many times, but I think it was 20 years ago.

[Jovic] And 20 years ago it would have been an incredible sensation in our country if even one person had died during the elections. Consequently, I can scarcely believe that.

[Sulzberger] I only wanted to say that this is how rumors spread. I, too, do not want to believe it.

I wonder whether you, Mr. President, are worried about the possibility that, given the fact that there is plenty of anti-Serbian sentiment in Kosovo and significant anti-Serbian sentiment in Croatia—do you have any misgivings about the fact that these two possibilities could join together—and act collectively?

[Jovic] Theoretically there is a possibility, perhaps it abides among certain people who wish to cultivate such sentiments, as well as the desire to unite. Perhaps they

are doing just that, in some manner, but I personally do not believe that things in this direction can become dominant.

[Sulzberger] I am glad you say that.

I want to ask you about something that received a lot of newspaper publicity recently. I mean everything about what happened between Hungary and Croatia. It is said that even you, Mr. President, were very angry about the fact that such a story was even possible—that Croatian nationalists are being sold weapons from Hungary, that in this way they encouraged the chaos with the Army, with Serbia, etc. Is it true, Mr. President, that the Hungarians sold weapons to the Croats?

[Jovic] It is true. We have documentation which is irrefutable, which in some way was made public, or was given to Hungarian organs, and they essentially confirmed it. Thus far, they have not been categorical in acknowledging even that the government was involved in this. First they said that the activity was carried out by trade organizations, without their knowledge. But it appears that eventually they will have to admit that they did it.

[Sulzberger] Before we leave this subject—Albanians and Kosovo—I would like to tell you that over the past year I have met with President Alia on two occasions, that he went to especially great lengths to impress on me his hope that better relations will be established between the Republic of Albania and the Republic of Yugoslavia.

[Jovic] We want that; we have the same hope. However, the key question is that the Albanians in Kosovo accept that they are citizens of Serbia and that they cannot create a state; and the key question is that Albania not support and encourage them in this unrealistic demand of theirs.

[Sulzberger] First of all, I am not familiar with the current party system in Yugoslavia, because, after all, it changes every couple of years. Are you, Mr. President, an active member of any party?

[Jovic] Yes. I am a member of the Socialist Party of Serbia.

[Sulzberger] Is that a Marxist party? I do not know that much about it.

[Jovic] It emerged from the former Communist Party, or rather the League of Communists of Yugoslavia, and from a broad-based, popular party called the Socialist Alliance. Basically, it is currently in the process of shaping its orientation, similar to West European socialist parties. It has abandoned the principle of the dictatorship of the proletariat, democratic centralism, revolution as a way of solving problems, etc. It has basically kept many of the traditional elements of social democracy.

[Sulzberger] That is the current party of Milosevic, is it not?

[Jovic] It is.

[Sulzberger] I have heard from people that Milosevic, whom I do not know personally, is opposed by people ranging from communists to fascists.

[Jovic] That is propaganda for the purpose of realizing one's own narrow interests. That is completely unrealistic and untrue.

If it were true, then it would be very strange that one nation, such as the Serbian nation—and Serbia has 10 million inhabitants today—would express its confidence in Milosevic and the Socialist Party in several rounds of secret and direct voting, this coming at a time when such a strong political transformation is under way all across Europe. I dare say that it is impossible to think that this Serbian nation, which suffered enormous casualties in World Wars I and II and contributed greatly to the victory of the just cause, has now lost its political orientation and does not know what it is doing. Surely one must think instead that those who say such things about Serbia and Milosevic are malicious.

[Sulzberger] As far as I know, the president ordered the surrender of weapons by illegally armed groups, and the Croats refused to do so. I do not know which Croats, but that is something that I have heard.

[Jovic] Yes, that is true.

[Sulzberger] But I have heard that the Croats, at least some groups of them, refused to do so. How did the federal government react to this?

[Jovic] Based on the information that the federal organs have at their disposal, weapons that were imported from abroad illegally were used largely to arm citizens, as members of the ruling party, and not legal institutions, such as the police.

Thus, one issue is the fact that the Hungarians exported goods into Yugoslavia through illegal organs; a second issue is that these illegal organs imported the goods without the permission of the central organs; and the third issue is that they were used to arm citizens, to which they have no right.

Because of the massive scale of this, we called for a voluntary surrender of the weapons, that the people lay down their arms, that we not resort to forcible seizure or legal action. Since they did not heed this, we now have a legal course—establishment of the truth through investigative and judicial action—for sentencing and seizing these weapons. This will take a while, but it will all be absolutely legal and founded on facts.

I would like to tell you what a big question this is for Yugoslavia. We are currently faced with solving the problem of the country's political future, which also presupposes the possibility of reshaping Yugoslavia. Our conversation presupposes, among other things, the right of the people to self-determination, and that means that they can remain in Yugoslavia, or they can exclude

themselves from it. In terms of the national composition of the peoples, there is a great threat of interethnic conflict. Arming one people would evoke the arming of another people, and that would unfailingly lead to civil war. If we want to solve our problems peacefully, we cannot permit a people to be armed, except for the legal institutions of the Yugoslav People's Army and the police.

[Sulzberger] In connection with this, I have been told that the president plans—I do not even know whether this is legally possible, and even whether it could be true—to arrest Croatian Minister of Defense Spigelj for planning an attack on the federal Army.

[Jovic] Yes. That is true. According to the Constitution of Croatia, he does not have immunity, and according to the documentation at our disposal, he committed a criminal act for which he must be held responsible. Or rather, it is believed that he committed a criminal act, and he must be questioned. But the court will ultimately decide whether or not he is guilty. In any event, a warrant has been issued for him only for questioning, not for arrest. It is requested that he be held in custody three days for questioning, given the complexity of the matter, and after questioning the decision would be made about what to do next.

Moreover, I must tell you that there is a certain amount of misunderstanding abroad about how far the rights of the republican governments in Yugoslavia extend. They can do, with complete autonomy, that which the republics are authorized to do according to the Yugoslav Constitution, and they cannot do that which the federation is authorized to do according to the Yugoslav Constitution; in that case, they have infringed on the rights of the federation.

If someone wants to change something in Yugoslavia, then they can propose it and fight for it in the Yugoslav Assembly, and if everyone agrees to it, then the change can be effected. But they themselves cannot change the Yugoslav Constitution.

However, they are trying to impose on world opinion the view that what is happening is that they are being deprived of their national rights, rights that they do not have. What is at stake are questions that they cannot address in this way through the Constitution and laws of Yugoslavia.

[Sulzberger] But when you say "they," you are not thinking of all Croats. You are thinking of the Croats who belong to illegal groups about which it is assumed and which will be charged with illegally owning weapons. Is that correct?

[Jovic] I am not thinking only about those people in Croatia, but also about all the people in all the republics who trying to change federal laws in their own territory themselves. This is happening not only in Croatia, but also in other republics. This is just one case of the purchase of weapons and the formation of an illegal

army, but there are other violations, perhaps not as serious, in nearly all the republics. It has become fashionable in Yugoslavia today for republics to become self-reliant and begin refusing to recognize federal laws, which presents us with major problems in our survival as a state. You know very well what happens if two different laws are to be enforced in the same territory. This must lead to conflict.

[Sulzberger] That triggered the Civil War in the United States more than 100 years ago—over the question of slavery.

[Jovic] On two occasions, I have said openly in the Yugoslav Assembly that the way in which some republics are acting could directly lead us into civil war. That is what we are energetically fighting to avoid.

[Sulzberger] As far as I have been told—I do not know for sure—you will be succeeded in the post of president by a certain Stipe Mesic, who has been described to me as a noncommunist Croat. Is that correct? I do not know, which is why I am asking you.

[Jovic] That is correct. Our country has adopted the multiparty system. Many countries in the world that have multiparty systems have coalitions, whereby not only one party rules, and for us that is completely normal. If decisions are reached democratically, then they will be executed democratically as well, regardless of whether the Presidency is currently headed by a communist or socialist or noncommunist president. That is irrelevant in a democratic society.

From that viewpoint, it is strange to us that people in the West are beginning to say that since there is a communist or socialist system in half of Yugoslavia and a Western or democratic system in the other half, then that means that Yugoslavia cannot exist. That is nonsense. Because if that were the case, then a multiparty system could not be able to function; or it could do so only under the condition that all parties, say, be turned in one direction—let us say only to the right, which is illogical and unacceptable.

[Sulzberger] I must tell you that people have asked me, when they heard that I was going to Yugoslavia, whether Yugoslavia is falling apart. I told them, "I do not know, that is why I am going."

[Jovic] Are you asking me that?

[Sulzberger] No. But I wonder whether there are forces outside Yugoslavia that are working on breaking up the country.

[Jovic] Maybe. But that is not the critical factor. In my opinion, the main forces working on breaking up the country are inside the country.

[Sulzberger] Are there any limits on the authority wielded by the federal president, and what limits are

there on the republics? Can the republics, in some regards, have greater authority, greater rights than the federal president?

[Jovic] There is a division of powers between the republics and the federation. In some matters, the federation decides by consensus, and in some matters by a majority. This is why we have such a state structure. In the government, in the Presidency, and in the Federal Chamber of the Yugoslav Assembly, decisions are reached by a majority, but in the Chamber of Republics and Provinces, decisions are reached by consensus among all the republics and provinces. There, to be precise, the Constitution specifies questions that are to be decided by consensus. In this regard, the republics can exercise corresponding influence on their representatives in the federation. This means that in the Chamber of Republics and Provinces they can definitively and utterly prevent some decision from being made—i.e., veto it—while in other places they can exercise relative influence. This means on the Presidency as well, in a similar way.

Moreover, the federation has authority over the Army, foreign affairs, the market, which includes money, customs, and economic conditions, and civil rights as well are uniform throughout the entire country.

[Sulzberger] Well, that is quite a lot!

[Jovic] It is a lot. But the problem of implementing this is to a large degree in the republics, naturally: the question of human rights, the market, etc. They can encourage this unity or wreck it.

[Sulzberger] You have been very kind and shown me great kindness and courtesy, Mr. President, and you have allowed me to stay much longer than the time that was set aside for me. I would like to ask you just two more questions which, at least I think, will not require long answers.

The first question. Is it true that the Croatian president, Mr. Tudjman, will be visiting Hungary? I heard something about that. Is it known among the public that he will, allegedly, be going to talk about this problem of weapons?

[Jovic] I could not say. I am not aware of that.

I do not know who set time limits for you. I did not set any time limit.

[Sulzberger] No one did, and that is what dumbfounded me and made me so glad.

[Jovic] We have the utmost esteem for you. We believe that we should have set aside more time for you.

[Sulzberger] You are very kind and very amiable. I accept that as a great compliment that I value dearly. But I have a final question.

The question is why next week, if I am not mistaken, there is to be a meeting of the foreign ministers of 15 nonaligned countries here in Belgrade?

[Jovic] That is this week.

[Sulzberger] What is the reason?

[Jovic] The reason is the big problem that we do not know how to resolve. The Gulf war.

[Sulzberger] We do not know how, either...

[Box, p 5]

Look, the World Is Not Well Informed About That

"I am so grateful to you, Mr. President, and you have in fact set aside so much time to rationally and intelligently respond to what were often irrational and unintelligent questions," said Cyrus Leo Sulzberger at the end of the interview. Borisav Jovic responded:

"No, on the contrary, the questions were proper. I myself can say that it is our extremely great pleasure that you found the time and strength to visit Yugoslavia at this time; that we are deeply convinced that your report or article based on this interview will be of great use to Yugoslavia and the world, which wants to know the truth; and I thank you for the efforts that you are making in that direction. Because in a certain sense, you, by writing the truth about us, are helping people to know about us."

[Sulzberger] I appreciate your confidence, Mr. President.

[Jovic] Finally, I would like to tire you out a little more by telling you a few things that I would like to tell, personally.

These are things about which the world is not well informed. The first question about which the world is not well informed, and I have discussed it, is the genuine problem of Kosovo. This is the question of demands to form an Albanian state, which they will never be able to achieve, and if the world takes their side, then it is taking the side of confrontation and separatism.

The second question concerns true information about Serbia and the Serbian leadership. I think that the world clearly needs to get to know Serbia and the Serbian leadership better. Many untruths are very unprofitable to those who live with disinformation.

Serbia was the first in Yugoslavia to insist on economic reforms and is the main force for preserving the unity of Yugoslavia.

I think that it is not only a major and absolute untruth, but also an injustice that attributes are assigned to Serbia that have no connection with reality, such as Bolshevism, communism, dictatorship, unitarism. There is absolutely no truth to this. Such disinformation is spread for the purpose of self-seeking interests.

The third matter about which I feel that the rest of the world is ill informed is separatism, which is strong in some parts of the country and which hides beneath the mantle of so-called democracy or human rights. There is a serious danger that well-intentioned foreign partners, in helping democracy, will not see that they are in fact helping separatism! But it is not a question of democracy, it is a question of separatism.

Finally, the breakup of Yugoslavia is very possible, given the fact that we have instituted the principle of allowing nations to voluntarily stay or leave. Naturally, we did so based on the conviction that the Yugoslav nations would have no other choice but to live together. However, the interests of foreign powers are not the same. Although the dominant theme today is that it is in the interest of all of Europe that Yugoslavia survive in its entirety, it is obvious that there are certain states or powers that are supporting separatism and the breakup of our country, and that not only represents action against Yugoslavia and its peoples; it is also contrary to the interests of those engaged in it—that is my deep conviction.

[Sulzberger] I wish both you personally and your country much luck, Mr. President, because sometimes luck is very helpful.

[Jovic] Thank you very much. You probably have more experience with luck, since you are older than me.

[Sulzberger] Unfortunately.

Thank you, Mr. President. All the best, and good luck!

[Jovic] Thank you. I wish you good health and good luck, and hope that you continue writing for a long time.

Change in Croatian Government Analyzed

91BA0402A Zagreb DANAS in Serbo-Croatian
12 Mar 91 pp 7-8

[Article by Marinko Culic including interview with dismissed minister, Milan Hrnjak; place and date not given: "HDZ [Croatian Democratic Community] in Search of Government"—first paragraph is DANAS introduction]

[Text] The Croatian top brass have carried out yet another reconstruction of the republic's leadership, but this time even further still from the eyes of the public, and thus without any explanation.

The already famous, several times reiterated declaration by President Tudjman to the effect that the new Croatian government has not made a single mistake, has lately been drawn into question with dogged persistence. Specifically, if "there are no mistakes," then how is it that the new government is producing so many wrongdoers in its leadership ranks that it is necessary every other month or so to perform a public execution of one of them, accompanied by increasingly paltry explanations of why it is doing so, and there is an ever-greater number of people whom the Banal Palace has thanked for their cooperation? In the latest case, when a record number of

ministers and officials were relieved of their portfolios, no explanation whatsoever was forthcoming, and had there not been a press conference at which Tudjman announced the changes and had there not been one newspaper interview in which Manolic provided some sort of explanation for them, it is almost as if we would have had a classic case of the "changing of the royal guard," as well as—and we will see whether this "crazy" association is not without foundation—a sort of "mini-coup."

But fans of subversive plots, who eagerly see in everything a hidden hand from which the actors in such events hang by threads, will have serious problems figuring out who thought up and carried out the "coup" in this case. Indeed, it is possible that they will find themselves faced with the technically impossible situation whereby it was designed, and then executed, by many parties at the same time, with the same degree of uncertainty about where it would lead. The first panel of this jumbled Rubik's cube is occupied by the Croatian president himself. In his response to a journalist's question, he maintained that the changes were prompted by the same arguments—"irresponsibility" and "immoral" acts by leading figures—with which he returned from the dramatic meeting of the federal presidency on 25 January, when he announced "changes below in the opstina governments and here in the republican government," while according to allegations by party insiders he also promised much more. One of the most hard-line members of the HDZ [Croatian Democratic Community] right wing has lately been spreading the rumor that the Croatian president promised the Army that he would relieve 20 high-ranking functionaries, which combined with several arrests is assumed to be the crowning proof of the capitulationist bottom line of the Belgrade talks. Based on this synopsis, the latest Gornji Grad personnel change would have to be seen as a settling of accounts by the "fathers of the nation" with disobedient sons, or perhaps with those who have demonstrated their obedience with such extravagance and excessive zeal that this threatened the Croatian president and even the entire "Croatian cause." There is a very logical connection between this and the departure of Perica Juric, who "besmirched" his dazzling organizational skills from the "heroic" phase of the HDZ's coming of age through his propensity for aggressive police methods (Knin, Plitvice, Pakrac). Officially, the Croatian top leadership has always supported such methods, but it nevertheless allowed Juric's "time to be up" in order to insert into the Ministry of Internal Affairs at the right moment the long-winded Degoricija, who is ostensibly already qualified for dialogue, and the intense but controlled Vukojevic. These two men are now establishing the nearly paradoxical precedent of fulfilling their new police functions together with their old parliamentary duties (Degoricija has a third role as well, on the managerial board of INE [expansion unknown]), but this simply confirms that the plan was conceived of with the utterly serious intention of carrying it out, regardless of the fact that in terms of a few "details" it will not conform to official positions (the

separation of legislative and executive power), and not even to the Constitution itself.

Similar "forgetfulness" is demonstrated, moreover, in the very method by which ministers and others were replaced "at the recommendation of the president of the government and with the consent of the president of the republic," which is in accordance with the Constitution, although at the same time the Constitution does not prevent one from debating such a recommendation before the Assembly instead of simply before a group of journalists, as was done in this case. Even if the proposal for the first two changes was discussed before the Croatian parliament—which even under the new constitutional framework clearly had to be regarded, if not as a commitment, then at least as a good habit—it is impossible to avoid the question of why the Assembly was circumvented. Was it subsequently "punished" because on one previous occasion it did not accept a personnel decision—the selection of Gusta Santini as finance minister—or was thought given to several other acts of disobedience that have occurred in the meantime (the latest happened when the Assembly rejected the version of the "antiarmy" resolution that was known to have come about by arrangement with Tudjman)? Whichever answer is accepted, we are left with the impression of a latent conflict between the Croatian president and the HDZ hard core in the Assembly, which has not hesitated to openly oppose him at certain intervals, and this has sometimes assumed the shape of a scarcely concealed confrontation between the Banal Palace and the house of parliament on the other side of Radicev Square.

It is difficult to reduce the essence of these disputes down to a single equation, but it can be explained at least in part by the "jealousy" felt by HDZ members towards the people with whom Tudjman surrounds himself, or more precisely, towards the president's advisors, some of whom enjoy a reputation as the most powerful of "the president's men" (Sarinic), but whom the president generally does not select from the mother party. In this way, the president gains the exclusive right to oversee them, because he hires and fires them without consulting the HDZ, and thus without rendering any account of their work. Thus, we are seeing the creation of a sort of parallel government system, directly managed by Tudjman, who in this way is depreciating the influence of his own party over his policy and thus moving closer to the definition of president as the head of "all citizens of Croatia." But at the same time, this is eliciting a reaction from the circumvented part of the HDZ, which is attempting to pit against the team of presidential advisors as many as possible of its own people in the government and other offices who have been relieved from their posts in the Banal Palace environs. In this way, we come to the aforementioned theory about two centers from which a "coup" against the highest institutions of power emerges, whereby those who come from the HDZ endeavor to install "in the government" as many tested-and-true party people as possible, who will be faithful to the "authentic goals" of the HDZ, while

devoting only what is left of their hearts to expressing their respect for and loyalty towards the party leaders, including the first among them. Several conclusions have been noted concerning this. An example is the case of the recent clash between nonparty minister Milan Hrnjak and three pure HDZ Assembly delegates, who in the question of denationalization declared Hrnjak to be a simple parliamentary reporter, entrusted solely with providing deputies with facts and not with "theorizing" about what Croatia should do in this area. This situation was to be repeated with respect to housing reform, where Hrnjak, who has worked on housing for decades, called for a consistent change in economic criteria (economic-based rent), but where the Assembly's hard core met him with counterdemands, in which it was easy to discern a demagogic turn towards their own membership and towards future voters. The attacks on Hrnjak will be helped along by behind-the-scenes haranguing about him and the other ousted ministers, which—whether he intended to or not—was encouraged by Tudjman himself through his aforementioned remark on the "morals" of leading figures, but which will subsequently use the "shrapnel" system to decide who is necessary and who is not. Thus, at least as far as we know, it is only with respect to Medvedovic that it is possible with reasonable certainty to lend credence to that of which he is being accused by insiders—collection of a commission for credits from the Fund for Development. But even with Crnja these suspicions are no longer that convincing (which does not rule out the possibility that he, too, is "a 5-percenter." But those who know him maintain that he was better known for being more concerned with other departments than with his own). Similar things can be said about Hrnjak as well. The thing that links the cases of all the ousted ministers, both the current ones and the previous ones, is that the majority of them did not belong to the ruling party, and this made them vulnerable from the outset and much more subject to slander from the people in question. By replacing Juric and mysteriously moving around Susak (it is hard to say whether he has been punished or, on the contrary, rewarded for announcing a transfer account for aid to the homeland at a Swiss bank), Tudjman has undertaken what is thus far the most energetic attack against the hard-core "Herzegovinan" wing of the HDZ, but also against all the other "hawks" in his flock (it appears that disagreement with Seks remains, despite Seks' public denials, and rumor has it that the priest Ante Bakovic is also a target because of open disloyalty to Stjepan Kljuic). On the other hand, the core of the HDZ is trying to retaliate by getting involved with increasing frequency in changes in government personnel, and this is creating a situation of relative equilibrium in which it is difficult to predict who will gain the upper hand in the coming months. For now, the only thing that is certain is that the express changes in the Croatian state leadership are engendering a feeling of helplessness concerning a Croatian interest that is, if not the most important one, then at least the second most important one. Because if we agree that the defense of Croatian sovereignty is in first place, then it is followed closely by the democratic

mechanisms with which this must be achieved. But here the Croatian Rubik's cube is entering into the most sensitive terrain. Specifically, it is apparent that there is no abstract Croatian interest that could unite even an ideally monolithic ruling party. Therefore, one is forced to conclude that the top question is not only acting on behalf of Croatian interests, but rather how to nominate, elect, and oppose people who officially interpret said interests. If we turn from this principle-oriented level to the story of the recent personnel changes, it can be concluded that in this case as well, the Croatian president has made a move that was for the most part sensible and justified, even if not "without mistakes." But the way in which these dismissals and appointments were carried out creates the impression that personnel policy is once again being run by some sort of politburo.

[Box, p 8]

Milan Hrnjak: "I Was Not Sacked"

We asked one of the "fired" ministers of the Croatian government, Milan Hrnjak, how he underwent his dismissal and how, in fact, it happened.

[Hrnjak] It all happened during an information meeting that I had with Mr. Manolic, who was working with me on housing reform after the question was removed from the Assembly agenda at the previous day's session. I repeated to him my plan, which provides for a gradual change in conditions in the area of housing, but also for an immediate start with the selling of housing and business premises. President Manolic agreed to this plan of mine, but he also brought up existing problems due to the numerous burdens caused by this plan, as well as the numerous complaints by buyers of the Gortan housing units who were afraid that with the demise of that enterprise, of which I was the general manager until going into government, they could be left without housing. When I heard that, I suggested that I resign as minister and return to Gortan, which is experiencing major difficulties, but which can be saved from collapse. Mr. Manolic accepted that suggestion.

[Culic] In his explanation of the latest personnel changes, the president of the republic repeated his previous appraisal of the "irresponsibility" and "immoral" acts of leading figures. How did you view the additional behind-the-scenes remarks to the effect that these are "5-percent" ministers, whereby you too were mentioned?

[Hrnjak] You are the first person I have heard that from, because when I was in the government my duties were such that I could not be a "5-percent" minister. We simply did not meet the conditions for that, because our ministry does not engage in the distribution of jobs in order to be able to earn some sort of commission from it.

[Culic] Does that mean that there are some ministries that can do that? Which ones?

[Hrnjak] I do not believe that there are other ministries who can do that, because the same thing can be said about them as about ours.

[Culic] And the Fund for Development?

[Hrnjak] In principle, the Fund for Development could operate something like that, as could the Fund for Social Welfare. Naturally, it is not my place to discuss whether they have in fact done so. I am most concerned with myself, but I can say with a reasonable amount of certainty that no one based my departure on my morals, because I maintain that there is nothing controversial there. I repeat, in our Ministry there was simply not even a theoretical opportunity for the fraud that is now being discussed.

[Culic] Why has your successor not been designated?

[Hrnjak] Probably because they are considering eliminating the Ministry for Construction, which I energetically opposed, since approaching development without civil engineers is like going into war without bulldozers and airplanes.

[Culic] What do you think about the number of personnel changes in the government?

[Hrnjak] There is no doubt that they are going too far in this, and it seems to me that there are too many examples of people leaving who were good specialists, only to be replaced by people lacking that level of expertise. On the other hand, there are too few practitioners and too many theoreticians in the government, and there is a risk of too frequent changes built into the very concept on which it is based.

[Culic] Why so many changes, then, if they are mostly good people?

[Hrnjak] It is hard to come up with some unifying reason, but I can say with a reasonable degree of certainty that in a large number of cases it is a matter of various lateral pressures.

[Culic] Does the fact that the majority of the ministers who have been replaced thus far did not belong to the ruling party say something about the nature of those pressures?

[Hrnjak] I would rather not comment on that. I would stick to my own case, where the pressures came primarily from circles that are directly concerned with housing reform. As far as pressure from the ruling party is concerned, you can draw a conclusion yourself, but I would simply say that if the fact that individual ministers do not belong to the ruling party represents a problem for someone, then it would be better not to name them to that post than to later subject them to unnecessary disappointment.

[Culic] Was there pressure on you from the HDZ?

[Hrnjak] I would not talk about that, because I would have to pass judgment on the basis of personal impressions, and I would rather not get into that. The only thing tangible that I have at my disposal is an unsigned letter that arrived from Zagreb contending that the costs incurred by our reform plan will be 14 times greater than our profits. I can only assume that there is a market for such things among the most responsible people in the public, but I have no intention of trying to figure out how much effect this had on the decision to replace me.

Croatian Prime Minister on Government Changes

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[Interview with Croatian Prime Minister Josip Manolic by Kreso Speletic; place and date not given: "The Government Will Not Fall"—first paragraph is DANAS introduction]

[Text] The Croatian prime minister on the reasons and goals of changes in the government, why Minister Sibl left, what is expected from the changes in the Department for Internal Affairs and Defense, whether the tourist season will be as bleak as some predict, and whether peace will gradually come to the Knin region.

[Speletic] The Croatian government has undergone the third reconstruction in the nine months of its existence. What are the reasons: unsatisfactory personnel decisions, unacceptable behavior by certain functionaries, or the appointment of people who have distinguished themselves through solving political problems over recent months?

[Manolic] We are living in a very dynamic time. The problems that we have had to solve have demanded that the government act as a unified and smooth-running team. It has turned out that not all players on this team have played in accordance with the demands of the situation in which we find ourselves. For this reason, it was necessary to make certain shifts in the composition of the government in order that it might function better. It is a known fact that during any government reconstruction, attempts are made to attribute certain political connotations to the actions. In this case, I must reject them a priori. Specifically, the reconstruction did not happen because of classical differences of opinion within the government, because of expressions of different solutions to certain problems, for example. What is involved here is more or less who will be able to solve this problem more with greater success, and it was normal that individuals who were not able to fit in with this and contribute to harmonious activity should drop out. However, it is necessary to note that the main reasons for changes in individual ministers were of a personal nature. Part of the problem was the baggage that some of them brought with them into the government. In other, more peaceful times and under normal conditions, this baggage might not have even been

important or would not have been brought up. Today, however, the situation is such that we must react to this baggage.

[Speletic] Can you tell me exactly what you are talking about?

[Manolic] Well, for example, Mr. Hrnjak came to the post of minister from a position as manager of a major construction enterprise. That enterprise has now gone into the red, into insolvency, and is facing collapse. I think that it is normal to wonder whether a minister who comes from an unsuccessful enterprise is a good minister. Such a question is not necessarily completely objective, since the objective concurrence of circumstances could put an enterprise in a difficult situation. But the government had to react, because in this sensitive, taxing, and highly charged political situation, criticism directed at an individual in the government is sometimes ascribed to the entire government.

We had a similar problem with Mr. Medvedovic. When he assumed his post as minister, he was the head of a social enterprise, he personally owned a private enterprise, and he was moreover involved in the founding of two others. The question was raised of whether a person can work in the government while at the same time remaining a businessman. We came to the conclusion that we cannot tolerate this duality in the current phase, that it is necessary that all business people who are in the government sever all their former private business connections. Mr. Medvedovic did not sever these ties and connections. They began to intrude in the Fund for Development as well, and this began to have quite clear-cut political implications with respect to the government as well. For this reason, we decided to acquit him of his duties. As far as Mr. Hrnjak is concerned, I must say that his dismissal was not connected with the success or failure of the housing reforms, because he acted in accordance with the government strategy in connection with this important question. In this regard, I can say that the entire process of housing reform will not suffer any harm or undergo any changes because he has been relieved of his post.

[Speletic] Since you knew about the private activities of the ministers in question beforehand, was it not expedient to choose someone else in the first place?

[Manolic] I think that that was impossible. After all, these were people who came to these positions because in their prior work they had shown specific positive results. Take Mr. Hrnjak, for example, who as the manager of a major construction enterprise successfully directed the construction of the Cibona Tower and generally completed a series of successful jobs in connection with the Univerzijad. Well, we looked for people precisely from these business sectors who had good results under their belts. Later, unfortunately, it turned out that they also brought some baggage with them.

[Speletic] Under the new Constitution, there is no longer any obligation to conduct debate in the Assembly on

changes in the government. Did you nonetheless consult with them beforehand about the reconstruction?

[Manolic] Although this obligation in fact no longer exists, all relevant political factors were consulted concerning the reconstruction. Thus, the entire leadership of the republic was consulted. As far as consultation with parties is concerned, this was not necessary in this case because it involved either members of the HDZ or experts in our own government.

[Speletic] People who have closely followed the changes in the government thus far say that those who have left are primarily people who are not members of the HDZ. Is that a coincidence, or...

[Manolic] I think that it is more a matter of sheer coincidence than some sort of deliberate party personnel policy.

[Speletic] I would like to ask you to comment on the changes in the government according to their portfolios. For example, the changes in the information department are very significant.

[Manolic] Significant changes have indeed been carried out in this very important sector. The democratic process in the republic following the multiparty elections required a beginning in the direction of looking at things from different positions in the area of information. As you know, we threw out the previous model, according to which the party and Central Committee distributed all information. This meant that it was necessary to construct a new model, and both the government and the minister of information had their own roles in this. I think that Mr. Sibl played a very positive role in this regard. Primarily because as minister of information, he did not impose any of his views in the least. The government acted similarly. Specifically, we supported the position that the editorial staffs of newspapers and other information media must be allowed to create their own policy, to attempt to recognize their role in democratic developments in society. I think that I can say that this basic premise has contributed to the fact that editorial staffs are no longer afraid of nationalization, of the possibility that the state will place them under its control. Thus, in this short period of time, we have made it possible for information activities to be pursued freely. In that regard, there was no need to replace Mr. Sibl.

The need for changes, however, came from a different segment, television, where we feel a need to introduce people who will be able to create more meaningful and much more responsible programming that should reflect the democratic viewpoint and orientation that has become apparent in the entire political and social life over the few months. As bringing one new person to a new position requires bringing someone else to his old one, this has caused an entire chain of changes in this area. I must emphasize that what we are talking about here is not some sort of explicitly political, partisan demand for changes in any program or any policy at the institutions in question. Rather, it is a problem of

expertise. This still does not mean that we are completely satisfied with the information sector in its entirety, or rather with the propaganda that is produced through it, but we must also examine this problem within the context of all the democratic events here and of the efforts to have all segments of society fit in with them. I simply think that we have not been aggressive enough, offensive enough in this area in terms of facing up to the attacks coming from the greater Serbian hegemonistic and hegemonistic-dogmatic army leadership. I think that our entire information sector has retreated to some sort of defensive position, although an offensive campaign has much more legitimacy than do the defeated dogmatic forces that are currently imposing themselves on this area and trying to subjugate it.

[Speletic] Can you say something in greater detail about the reasons that new people were brought into the Ministry of Internal Affairs and the Ministry of Defense?

[Manolic] As you know, on the one hand we declared that we are for the rule-of-law state, that we are for the development of the institutions of the legal system, while on the other hand we have been confronted at the same time with attacks on the democratic system and its institutions. In this way, we arrived at a situation whereby on the one hand we must permit attacks on the system, while on the other hand we must see to it that we act democratically and humanely in averting these attacks. In order to be able to satisfy both requirements, we had to be assured of people who would effect the policy to which we have committed ourselves. It has turned out that during this short period of nine months, some people have not managed to solve these problems successfully, while others have been especially successful at it. I mention as an example Mr. Degoricija, who has proven very successful in his search for dialogue with the Serbian population and Serbian structures in individual opstinas, seeking a solution for peaceful coexistence between Serbs and Croats. Because of this, we decided to give these people a chance in order to leave open the option of dialogue and coexistence. On the other hand, we also had to train the defensive sector of the republic so that we could decisively and implacably move against all those who threaten the legal and political institutions of this republic by violent means.

[Speletic] Mr. Susak obviously has an exceptionally important role in this.

[Manolic] Yes. I think that Mr. Susak, along with Mr. Spegelj, will be able to combine all the elements necessary to complete the defensive mechanism of the Republic of Croatia in a very constructive manner. Specifically, we cannot for one millimeter, nor for one second, fall behind the development of events in Yugoslavia. The fact is that the Yugoslav crisis has not been completely resolved, that the dogmatic forces, defeated on the political scene, are reactivating, that they are once again seeking room in all regions in order to halt democratic processes in Yugoslavia, the processes of resolving the Yugoslav crisis. These forces want to impose their

plan for a forcible resolution of the crisis, and we must oppose this, and this is possible if we train all the sectors for the defense of the Republic of Croatia for this task: thus, both the sector of national defense and the sector of internal affairs.

[Speletic] Important changes have also been carried out in the sector of labor and social welfare, construction, the Fund for Development. It seems to us that this area has become very sensitive.

[Manolic] Viewed in strategic terms, we have not devoted enough attention to social problems and programs thus far. We have simply failed to adequately examine the consequences that might emerge on the social front. Because of this, we first redirected some resources into the Fund for Development, after which it turned out that the social problems due to the insolvency of enterprises and the large number of enterprises that have gone bankrupt had grown to such an extent that we had to return these resources in order to solve the social problems that keep presenting themselves in greater numbers. We support the position that Mr. Jurlina, in terms of his political experience and his experience from his work with the labor union, will succeed in linking the solving of social problems with development programs, and that that entire sector, viewed in its complexity, will solve the problems more successfully.

[Speletic] Speaking of economic problems, could you tell us what your expectations are in terms of the upcoming tourist season? Some predictions are very bleak.

[Manolic] I think that the results will still remain at last year's level. I base this primarily on the fact that people have grown accustomed to spending their annual vacation on the Adriatic and that the situation in Croatia is not critical enough to justify foregoing a trip to Croatia to such an extent that the consequences would be catastrophic from the point of view of tourism. There are disturbances in other countries as well—Spain, Great Britain—but people continue to travel there. On the other hand, my optimism also rests on the belief that we will pacify the situation in the Knin region, that we will enter the summer season in a much more peaceful state than we have now.

[Speletic] That sounds very optimistic.

[Speletic] I base my optimism on two conclusions. First of all, in this period of nine months since the manifestation of a radical Serbian current and its perspective on the resolution of the problem of Serbs in Croatia, we have achieved a more peaceful approach to this problem. During that period, a constitution has also been adopted that is no different from other democratic constitutions in Europe, and other republics here will also be adopting such constitutions. And even Serbia has adopted one, if you will. On the one hand, this opens up the possibility of effecting a differentiation of the Serbian people into a radical and a moderate current. The moderate current will certainly associate its prospects and future with the future of the Croatian state, the Croatian people, and our

common life together. Secondly, over these past nine months, we have succeeded in developing the defensive mechanisms in Croatia to such an extent that with their help we are capable of opposing the most aggressive forces, regardless even of whether they are linked to violent elements within the Army. In the case of Pakrac, we have proof that these extremist elements were linked to the Army's counterintelligence service and that it was precisely because of this cooperation that they were able to misguide part of the people and lead them into the type of excesses that we witnessed in Pakrac. And it was precisely here, in Pakrac, that we showed that even the most serious crisis can be resolved peacefully, but for this reason it is necessary to have at one's disposal repressive organs that by their very presence prevent any further escalation of violent behavior. These two fundamental elements are the basis for my optimistic view of the possibility of resolving the Yugoslav crisis in a peaceful manner. Still, one must not forget that the dogmatic forces in the JNA [Yugoslav People's Army], which today represent the most violent element within Yugoslav society, are very nervously and hastily making their moves and that one such move could still draw the military into a war against its own people. They still want to construct a dilapidated model of socialism, something that has been consigned to the junk heap of history, with no prospects anywhere in the world, least of all here in our area. In this context, it is perhaps even a good thing, politically speaking, that the SK [League of Communists]-Movement for Yugoslavia has emerged. At least we can see who they are and what kind of forces they have. If they were not linked to the Army leadership, they would be, I think, completely insignificant.

[Speletic] Let us return for a moment to the reconstruction of the government. Will appointment to a new post bring with it the departure of the appointee from the Assembly bench? In other words, will the principle of the separation of legislative and executive power be respected?

[Manolic] Our new Constitution does not foresee incompatibility between the function of minister and the post of Assembly delegate. Thus, it is possible to remain a deputy in the Assembly and also be a minister in the government, or work in government institutions. This is why we changed the Constitution in this sense so that we can fill vacancies in the government and government institutions from the ranks of Assembly deputies. The question is whether everyone will want to remain in both posts. I think they will not—not only because the new job will demand a complete person from each of them. I also hope that this reconstruction of the government will bring even greater confidence among the people, since it was aimed at strengthening the responsibility and efficiency of the government, at the struggle for democracy and the defense of the legal order in the republic.

[Speletic] Is it possible to conclude from what you have said that the government will not fall, or rather that in its current composition it has a lengthy, more stable period ahead of it?

[Manolic] I have not even felt that it was unstable up to now. What is more, I even think that it has been a very stable government. As you know, practically none of its plans has failed. In fact, only one has failed. And a government, as you know, is as stable as the strength of its position in parliament. Since we have a parliamentary system, and since the vast majority of the government's plans have been adopted in the Assembly, I definitely would not say that the government is in an unstable position. We have also been able to create a consensus among nearly all parliamentary groups on all fundamental directions of the policy that the government supports. In this regard, aside from individuals, we also have practically no divergent views on individual questions. If there are any, they are of no consequence: Let us say, some personnel question where once again the principle applies concerning the need for us to get accustomed to democracy, multiparty behavior both in parliament and outside it.

[Speletic] Do the frequent changes in the government present you with any particular problems?

[Manolic] As president of the government, as far as I am concerned, this has not brought with it any major problems. My basic starting point has been that these changes must be carried out properly, democratically, that people must be provided with individual explanations of why they are necessary, of what is at stake, and I think that this time, as well, I have met with understanding in the broadest circles.

[Speletic] May I ask you in closing, even though this does not fit into the framework of this interview, what is happening in the relationship between Mr. Manolic and Mr. Markovic?

[Manolic] Naturally, there is discussion of the central question: how to resolve the Yugoslav crisis and create the framework for the future of Yugoslavia. Here, we are not exactly on an entirely smooth course, nor can we ultimately perceive possibilities for resolving this question. We all sense together that the road is not a smooth one. We sense that it is never a question of arguments, that certain problems are blown up out of proportion, that various options are being tried out and that they can be changed at a given moment. Where I agree with Markovic is in his optimistic view of the resolution of the Yugoslav crisis. We agree that this crisis must be resolved by democratic means and that in this process we must take advantage of all means and possibilities at our disposal. And this regardless of whether we are talking about organs of the federation or of the republic. We differ, however, with regard to means and their use. There are already clear-cut differences here. There are also differences in the belief of Mr. Markovic that the reform that he has initiated, and which I personally hold to be scientifically well-founded and politically moderate, must be realized without a resolution of the central question, the question of the political future of Yugoslavia. There are clear differences here between his view and my view of the problem. This was also the subject of

our talks yesterday (Friday). At stake is the effort to continue trying to impose a centralist model for working in Yugoslavia, but this does not suit the democratic forces in nearly every republic. Today, no one, not even Serbia, wants the centralist solution. This can be seen, for example, in the Serbian abolition of the common market, in its breaches into the monetary system, in its usurping of property from the territory of another republic. Serbia is in fact acting confederally and sovereign in its own territory. We have nothing against that, but we demand that the rights of other republics be respected as well. And we are categorical about this. What the federal organs still refuse to recognize is the impossibility of solving problems in the territory of Yugoslavia in the manner in which they were previously supposed to be solved. Moreover, they are not sufficiently aware of the changes that have already taken place in everyday life in the territory of Yugoslavia. This is the source of the misunderstanding of which I speak. However, I must say that I have the impression that there is a process under way of raising the awareness of these people in the federal institutions about how Yugoslavia's problems cannot be resolved in the old way. That the problems will, in fact, have to be resolved on a confederal basis. In this regard, we have also discussed in our talks the problems associated with cooperation with the International Monetary Fund. Specifically, it is utterly clear that future relations with the IMF can no longer be realized only by way of the president of the FEC [Federal Executive Council] and his team; rather, the republics must also be included in this relationship. So that each of us knows in advance who, what, and under what conditions money is taken from that Fund. This can no longer be covered by a single Yugoslav mantle, whereby anyone takes whatever they want under its cover. And the very fact that such behavior will be impossible in the future must take shape in the minds of all these people in these institutions. All in all, I think that things are moving in that direction.

Goals of Forum for Ethnic Relations Discussed

91BA0390A Zagreb *DANAS* in Serbo-Croatian
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[Interview with Dr. Dusan Janjic by Ivkica Bacic; place and date not given: "Fervent Patriots"]

[Text] Last week, the Forum for Ethnic Relations was founded in Belgrade as an independent institution of democratic public opinion. It has succeeded in doing what few others can do today in this exhausted state and its inflated little states: It has gathered together intellectual and scientific authorities from the entire country, for whom individuality and uniqueness are not an obstacle, but rather a common bond—with the intention of alleviating ethnic conflicts through objectivity and study. Some international research projects, with the participation of similar institutions from Central Europe and the United States, have already been agreed upon. We spoke with one of the Forum's founders, sociologist

Dr. Dusan Janjic, a high-level scientific associate at the Institute of Social Sciences in Belgrade.

[Bacic] One of the consequences of the glorification of national collectives in Yugoslavia is the fading away of even the willingness to talk on the part of competent, and primarily scientific, authorities. The Forum is one of the rare associations that have been successful in talking. Where did the idea of such a Forum come from, and does it have any real chances of "surviving"?

[Janjic] The current breakdown in communications among intellectuals in Yugoslavia is a consequence of the long-standing process of the territorialization and nationalization of thought, awareness, and communication, as well as the collapse of the old system, which is more recent. The problem is not that the old one has failed, but that something new has not emerged. As has already happened throughout the history of this area, as well as the Balkans and Central Europe, many intellectuals have remained firmly tied to the authorities and traditionalism. Now they are fervent patriots. With their ardor, they are involved in achieving the national mission, turning intellect into an instrument and breaking off communication with others who are different. The Forum wants to take another path. We are proceeding from the assumption that now is precisely the time for autonomous creativity, for defending the dignity of science, literature, and culture, i.e., reason and public speech.

We are united by the need to understand ourselves and others, to understand the differences so that thanks to them we can cooperate. We are concentrating on the issues of ethnic conflicts, because today all the political, intellectual, and moral crisis of the people and nations of Yugoslavia is concentrated on those issues. In contrast to the currently dominant spirit of a closed mind, fear of the new and different—in a word, provincialism—the Forum is committed to complete openness, and so that is probably the reason why we are encountering more interest and willingness to cooperate from the democratic international public than from the domestic official public. The Forum has tied its activity and "survival" to the prestige and work of the people who comprise it, to their autonomy, and, in a more general sense, to democracy. The Forum's chances will depend on how much of that there is in this country and in its environment. For the time being, the Forum unites those who are politically impotent. It seems to me that our power lies precisely in that impotence.

[Bacic] Back in 1848, commenting on events in Europe, John Stuart Mills said that nationalism made a man indifferent to the rights of anyone else but those who had the same name and spoke the same language.

[Janjic] Today nationalism is being institutionalized. It is becoming the ruling idea, ideology, and policy of the times. Almost all of our nations, especially the Serbian and Croatian ones, are in a sad state in which they have a need to be "saved" from time to time by some

"extraordinary man" or some "unlikely event." As Paul Valery wrote, the fact is that the "great nations" always get average individuals and rather pitiful miracles as their "saviors." Essentially, it is a question of becoming accustomed to ignoring reality. From that state, one can head toward chauvinistic totalitarianism, or toward beginning the transition to a democratic society. Naturally, a return to the old ways is possible. Beneath the institutionalization of nationalism, but in the form of creating one's own independent national states, state property has been preserved—the basis of the state-socialist regime as well. It is even being strengthened through universal nationalization, the lack of autonomous trade unions, and people's mass consent to a false hope that social problems can be solved by accepting the absolute value of the nation or of the Father of the Nation.

Naturally, the nation and national feelings are something real. Perhaps they are the only reality that is left to people after rotting in the prolonged global crisis of state socialism. The problem of our present and especially of our future is that that reality is being perverted and used for a nationalistic "restructuring" of the authorities, for a change in political elites, but not in the very nature of those authorities. After all, even the majority of the so-called "new ideas" are quite old. Has not Yugoslavia already been in this sort of film, with its beginning in 1923, its intrigue in 1936-37, and its culmination in 1941-45? One should not forget that it was precisely the old, and until recently socialist-communist elite, that seized upon nationalism as a safe refuge for its power and privilege.

Most of the so-called national leaders were highly ranked in the political and military elite of state socialism. That can be seen particularly clearly at the middle levels of government. Consequently, we have the old actors in new costumes.

[Bacic] Could that be, at least to some extent, the answer to the question of why it is precisely now, under the auspices of democratically elected governments in both republics, Serbia and Croatia, that aggressive nationalism and chauvinism have flourished so much?

[Janjic] All types of national conflicts have been aggravated today. In the first place, there are the conflicts among federal units and their leaderships, which are trying, in their state-building and militant enthusiasm, to create national states, and are succeeding in turning politics into a battlefield. They are waging war against their immediate rivals, especially the "hostile" nations and national "traitors." In such a situation, as usually happens in all multinational federations, society as a whole has been divided into two blocs. The first bloc is centered on the largest federal unit, Serbia, and associated Montenegro; and the other is the anti-Serbian bloc. And all of our little states, especially Slovenia, Serbia, and Croatia, are waging war against the remnants of the federal state. Some of them are charging ahead toward diplomatic representations and armies, and others are

charging toward the federal treasury. The motive is the same, however—to take as much of the federal cake as you can. The present political elites are not even capable of settling their relations peacefully and democratically. They are only managing to postpone the notorious D-Day, when a wild war will begin, with much energy and people's lives spent for nothing, for zero. Naturally, one cannot deny the fact that our political elites were elected in multiparty elections. As we can see, however, the democratically elected governments are not capable of ruling democratically as well. As far as their self-legitimation as new democrats or socialists is concerned, for the time being it is not having any different effects on ethnic relations. In fact, fears, xenophobia, and ethnic separation are intensifying, and conflicts and attempts to erase any autonomy or individuality in the name of national homogenization are more severe. The most drastically aggravated are the conflicts between Serbs and Croats, but also between Serbs and Albanians. This has to do with the fact that a high degree of national homogenization has already been achieved, and many specific vital issues have been subordinated to the so-called general one—the national issue. In general, one can only say that we have lived in a sick society, and that we cannot be healthy at once. The road to an autonomous individual is hard and long.

[Bacic] It sounds paradoxical, but it is true that Yugoslavia is not succeeding in combining federalist (federation or confederation) practice with pluralist democracy, even though those two concepts are mutually dependent. Does this mean that our country has not yet known real federalism, much less democracy, to which any form of hegemony and violence is foreign?

[Janjic] In contrast to the so-called real-socialism states, Yugoslavia, in traveling toward federalism, long ago abandoned the Marxist-Leninist love for a centralized state. It moved away from a centralized federalism, and reached a loose confederation. The basic problem, however—settling relations among the federal units, and especially between the largest one and the others, as well as eliminating the fear of hegemonism—has not been solved. In many respects, federalism was a facade for one-party monopoly, for the rule of state ownership and the political classes that arose from it. It seems to me that the way out lies in modernizing society and in merging different and even conflicting interests through democratic rules and institutions. That requires a reversal of the present way of looking at things: In the first place, abandoning the logic of nationalistic exclusivism, as well as the concept of Yugoslavia as a melting pot in which all differences should disappear, one color—the strongest—would predominate. Furthermore, it is necessary to give priority to the economy and to critical social issues, and then change property relationships and the present social structure of society. Those are the prerequisites for combining federalism and democracy. Naturally, federalism and democracy can exist only where individualism and difference are acknowledged and respected; the

autonomy, freedom, and dignity of citizens are developed; and decentralization and regionalization are acknowledged and supported even where minority issues are paramount issues.

[Bacic] The advocates of the federal and confederal options are so far irreconcilable, probably because both also claim to be the sole advocates of the all-Croatian, etc., national interest. It would be interesting if you could tell us what, in your opinion, is the genuine Serbian national interest today, and whether the Serbian authorities' idea of all Serbs living in one state fully covers the Serbian national question.

[Janjic] The irreconcilability of the present political elites is a result of their social, political, and ideological similarity, or even identity. Furthermore, they are all trying to solve the squaring of a circle. For example, Milosevic and the Serbian Socialist Party would allegedly like to preserve Yugoslavia, but rebuild it from within, change the borders, and bring all Serbs together. Tudjman and the Croatian Democratic Community would like to destroy AVNOJ [Anti-Fascist Council for the National Liberation of Yugoslavia] Yugoslavia, but preserve the internal AVNOJ borders. The success of such a trick would quite certainly rank highly in the history of the impossible. If there is anything good in this grim reality, however, it is the daily confirmation that Serbs and Croats are not as far apart as many of them would like. Even their rallies are the same, and they gave the same percentage of votes to their ruling elites. The Serbian national interest today lies in developing and modernizing Serbia, in establishing the rule of law, and in having Serbia be a democratic and unified state with a high degree of decentralization, strong autonomy and strong regionalism, but also well-developed local self-government. That interest is also in having the entire nation live within the framework of one state community; this does not determine either the form of the state system or the political regime, as is being claimed today in any case. It is also an interest in active participation in integration processes, both on Yugoslav territory and in the Balkans and in Europe. The Serbian national question is thus a developmental and democratic question. It includes the statehood question as well, but goes beyond it.

The current authorities in Serbia, if they have seen any of these interests, have not succeeded in articulating them in a modern and democratic manner. They have not succeeded in resolving the statehood question either. In spite of all the constitutional and political texts, proclamations, and state celebrations, the state authority has not been established throughout its entire territory, nor is it recognized by all of its citizens. Furthermore, more today than ever before, there is a danger of separation in both Kosovo and Sandzak, but also of losing control over Vojvodina. With its singlemindedness, crudeness, and its closed mind in viewing the Serbian national question as a statehood question, this authority has fallen into a sort of isolation and demonstrated its impotence, and even its fear of development. In fact, it has shown that it

cannot cope with the historic situation and necessities. That does not mean that it will not still be in power or that it will not have a place in the history of Serbia and the Serbian nation. How that place will be assessed, however, is a matter for history.

[Bacic] In this context, please tell us something more about Kosovo and the issue of the position of the Albanians, as a result of which all of Yugoslavia, and not just Serbia, has undoubtedly lost a great deal on the international level. Is there any solution for this sore point, and is there any justification for the fact that the federal state has completely given up on the southern province, leaving it in the hands of Serbia, and the latter leaving it in the hands of the police?

[Janjic] The Kosovo problem is a combined reflection of all the blunders and all the destructive tendencies of state socialism, as well as state nationalism and separatism in accepting "settlements" of national issues and solutions for the problem of development. With the current distribution of forces into two irreconcilable blocs—Serbian and Albanian—there is no solution. The path of secession by ethnically homogenized Albanians, regardless of whether it is through the formula of Kosovo-Republic or Kosovo-Region, is a path toward continued stagnation and interethnic conflict. The path of state

repression and the marginalization of Albanians, however, is unproductive and inefficient. It is also dangerous to the possibility of democracy and freedom in the Serbian nation itself and in Serbia. In my opinion, a solution could be found in abandoning the financing and management of development by state funds and changing property relationships, in political pluralism and parliamentary rule in Kosovo, in raising the quality of life, and in solving the critical demographic and ecological problems. Naturally, for all this, as well as for free and comprehensive communication among people, we need a willingness and capacity for political dialogue and for coalitions, as well as an awareness that, as Koca Popovic put it, one cannot make a Serb out of an Albanian, but one cannot make an Albanian out of a Serb, either. And the fact that the federal government has given up on Kosovo indicates that Kosovo was the first victim of the interrepublic conflicts. Without a solution to the Kosovo problem, however, there cannot be any solution to the Yugoslav crisis, or any federalism. While Kosovo is an open wound, Yugoslavia will be the sick man of the Balkans; and no one will want a sick man. One cannot separate oneself from sickness; it has to be cured. The sickness is in us; consequently, it must be cured.

HUNGARY

Rising Hope for Renewed Trade With Kuwait

91CH0484E Budapest FIGYELO in Hungarian
14 Mar 91 p 5

[Unattributed article: "Hungarian Firms and Kuwait"]

[Text] Hungarian enterprises may be able to reestablish ties with their former Kuwaiti partners in about a month. Kuwait is expected to purchase public road vehicles, high voltage equipment, and transformer substations from Hungary. Transelektro foreign trading company is counting on receiving a large order, because this year it would have effected deliveries on \$12 million worth of Kuwaiti orders had it not been for the Gulf crisis. There appears to be quite a demand for food products, including frozen and fresh meats, canned food, vegetables and fruits, in addition to the construction of various conduits and the installation of gas and oil pipelines, and of cables for the postal service. Further, Hungarian enterprises are preparing to deliver textile

goods, mass produced metal products, as well as products indispensable to the oil industry, such as drilling tools, engines for the operation of pumps, and vehicles for the crude oil industry. However, according to Janos Menyhart, Ministry of International Economic Relations division director, these enterprises must recognize that in the course of reconstruction large, worldwide organizations which planned, built, and installed the various industrial facilities will enjoy an advantage. Beyond these, various countries which have agreed to share the cost of war, and which could extend credit to Kuwait at present should also count on substantial orders.

Finance Minister Kupa Presents Economic Program**Analysis**

91CH0482A Budapest FIGYELO in Hungarian
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[Unattributed article: "Stabilization and Convertibility: Down to Earth Optimism?"]

[Text]

Leading Indicators Characteristic of National Economic Development
(changes in percentages compared to the previous year, in constant prices)

Designation	1990	1991	1992	1993	1994
Gross production	- 5	- 4	2-3	4.5	6
Of this:					
Industry branches	- 6	- 10 to - 5	1-3	3-5	5-7
Fewer than 50 primary jobs	70	80	35	20	17
Food economy	- 3 to - 2	- 1 to 0	- 1 to 0	0-1	0-1
Construction industry	- 2	- 1	2	2-3	3-4
Gross domestic product (GDP)	- 5 to - 4	- 4 to - 3	3	5	6
GDP domestic consumption	- 6 to 5	- 5	0-1	3	5-6
Ultimate consumption	- 6 to - 4	- 5 to - 4	1	2	4
Of this:					
Individual consumption	- 6 to - 4	5	1	2-2.5	4-5
Institutional consumption	- 4	- 3	- 1 to 0	0	0
—not counting financial institutions	- 9 to - 8	- 8 to - 7	- 6 to - 5	- 6 to - 5	- 6 to - 5
Investments in the national economy	- 8 to - 6	- 4	0	5	5-6
Of this:					
Government investments*	- 29 to - 28	- 50	- 17 to - 16	5	3-4
Local government development	- 17	- 24 to - 23	- 10 to - 9	2-3	4
Business and private investments	-1 to 0	4-5	4-5	6-7	7

Leading Indicators Characteristic of National Economic Development
(changes in percentages compared to the previous year, in constant prices)
(Continued)

Designation	1990	1991	1992	1993	1994
Foreign mercantile trade					
Total exports:	- 5 to - 4	- 4	6-7	7	7
—former ruble relations	- 27 to - 25	- 19 to - 17	7-8	7	7
—rest of the world	13-14	3-4	6	7	7
Total imports	- 6 to - 5	- 7 to - 6	2-3	3-4	8
—former ruble relations	- 19 to - 17	- 25	- 1 to 0	0	6-7
—rest of the world	5	7-8	4-5	5-6	8-9

* Pursuant to the new program structure introduced beginning in 1991

Presumably, "Stabilization and Convertibility," the Finance Ministry's new economic program proposal will enjoy greater support than other government programs advanced thus far, because economists are likely to agree with most of its goals. On the other hand, agreement on the ministry's 1991-94 economic projections presented below will be far less than in regard to the goals.

The following fundamental factors determine the evolution of economic processes:

- The ability to finance the balance of payments deficit;
- Foreign trade exchange ratios;
- The export growth rate;
- The way the import intensity of production and of ultimate consumption evolves;
- Changes in the efficiency of producer investments.

Accordingly, we are dealing with peculiar projections. Regarding certain factors we must start out from given external conditions (exchange rates, boom and recession periods in the global market which influence the growth rate of our exports), while in others we deal with assumptions concerning structural changes in the economy which are just about to start (import intensity, changes in efficiency levels, improvements in our ability to export). In contrast, our ability to finance the balance of payments deficit has the character of a requirement as far as the predictions are concerned. Thus, the examination of various economic development alternatives will yield production and domestic utilization levels that are consistent with manageable balance of payment deficit levels, and with given assumptions concerning the evolution of external and internal factors. It is the function of economic policy to ensure the proper evolution of production and domestic consumption, and consequently the maintenance of import levels which yield a certain amount of trade surplus based on predicted export levels, by appropriately controlling the total domestic demand.

Projected current balance of payments developments were based on the assumption that a \$1.2 billion and a \$650 million deficit may evolve in 1991 and 1992

respectively, and that a balance of payments equilibrium will be essentially restored in 1993 and 1994.

Due to changed conditions in the former CEMA trade, the program proposal measures on a large scale, overall deterioration of foreign exchange rates in 1991—a 13.5-percent loss in the context of total trade. (This deterioration is fundamentally influenced by the assumed 75-percent exchange rate index relative to trading with the Soviet Union.) The projections assumed an unchanged exchange rate between 1992 and 1994.

According to the projections, the export volume will further decline (by about 4 percent) in 1991 because the decline in the former CEMA trade cannot be fully offset by increased exports to other markets. Exports may also be reduced because part of our traditional exports has become inefficient under the new, changed conditions of foreign trade. This involves the sale of cheap imported raw materials for which we pay rubles. After low level processing, we exported these processed raw materials and were paid in convertible currencies. The basic forecast assumes a 6.5-percent increase in total 1992 exports. This is based on the assumption that a dynamic growth of exports payable in convertible currencies will continue in the traditional markets and that after reaching a low point in 1991 (in which exports are expected to decline to half the 1989 export level), exports will increase even in the former CEMA markets. The proposal assumes a 7-percent increase in total exports for both 1993 and 1994. This growth rate may be viewed as realistic based on the already achieved 1990 growth rate, and on an anticipated, even faster increase in exports to convertible currency markets in 1991.

According to the forecast, as a result of various effects, the import intensity of production and of ultimate utilization will remain essentially unchanged between 1991 and 1994. The import intensity of production will remain at an approximate 11-percent level throughout the period.

One of the economic efficiency indicators used in the projections suggested a slow improvement in the GDP [gross domestic product] versus production ratio. The

dismantling of loss operations, the increased ratio of service provisions, and in particular the increasing weight of small firms and private firms provides good foundations for this assumption. In the framework of the basic assumptions, the GDP versus production ratio would increase from 38 percent in 1990 to 38.5 percent in 1994.

According to advance indications, the index which shows the ratio of the net value of all fixed assets versus the GDP will decline during the next two years from the 37-percent level of 1990. It will reach this level once again only in 1993. The effects of more efficient investment will be really felt in 1994. The index in that year will rise above the 38-percent level.

Under the conditions described in the program proposal, the multiyear decline in economic growth cannot be reversed in 1991. It is very likely that the GDP will drop by between 3 and 4 percentage points.

Thus, domestic utilization will be highly limited this year, because domestic utilization must decline more sharply than the GDP, by about 5-percent, due to losses incurred as a result of exchange rate fluctuations.

Several factors bear influence on the further acceleration of inflation. The adjustment of energy utilization to conform with international standards, the increased cost of imports previously paid for in rubles, and certain measures which become necessary in conjunction with the changeover to a market economy (e.g., reduced subsidies, liberalization) will also cause a onetime, large increase in price levels. Price forecasts contained in the proposal were based on the idea that 1991 producer price levels would increase by about 33 percent due to the increased prices of imported goods, the devaluation of the forint, and a 22-percent increase in gross income. At the same time, reduced consumer price subsidies will increase the consumer price level even more forcefully, by between 35 and 37 percent.

Domestic utilization will become more moderate and thus, total imports will be reduced by between 6 and 7 percent when nominal earnings increase slower than the inflation.

1991

Based on this condition, all income produced in the economy (GDP in current prices) would increase by about 24 percent in 1991. Growth, which significantly lags behind domestic inflation, can be explained primarily by the fact that the changeover from ruble-based settlement to dollar-based settlement involves a serious deterioration in exchange rates. For this reason, the specific utilization of materials at current prices is expected to increase by 1 percent, which means that profitability deteriorates substantially.

A between 30 to 32-percent increase in gross individual income derived from work may be expected. Within this increase, aggregate gross earnings will increase by about 22 percent.

Income earned by the economic sphere (original income) will increase by between 17 and 18 percent, and within that, the gross total (total + amortization) will increase by 13 percent, due to wage increases in excess of increases in the GDP. Income available to the economic sphere will expand by about 23 percent because taxes payable after profits will increase slower than profits.

Along with the above described generation of income and with a restrictive monetary policy, a net indebtedness by the economic sphere of about 110-120 billion forints may be predicted.

This indebtedness, and net individual savings will amount to between 90 and 110 billion forints mean that domestic income sources will not have sufficient funds to finance the state household deficit. Moreover, the economic sphere's demand for credit will also rely on part of the foreign resources.

Since the program envisions a \$1.2 billion influx of foreign resources in 1991, the equivalent of between 85 and 95 billion forints, between 60 and 70 billion forints will be available to finance the state household. Considering this fact, a between 75 and 80 billion forint central budgetary deficit is permissible.

1992

The 1992 economic forecast is based on the idea that in 1992 we will be able to achieve a more than 6-percent increase in exports to East European markets. As a result, total exports may expand by between 6 and 7 percent. Thus, along with a manageable negative external balance of payments of between \$600 and \$700 million, an increase of between 1-3 percentage points in imports will become possible. This external condition could make it possible to halt the several years of economic decline, and catalyze economic growth. Nevertheless, it will be possible to realize an expansion in income production only in the framework of foreign trade: Domestic utilization will not be able to expand due to the necessity to achieve a more than 60-percent growth in the export surplus (investment of resources).

According to the forecast, not only economic decline, but also the acceleration of inflation may be brought to a halt in 1992. The reason for this is that large, onetime price increases which will occur in 1991 will not be repeated in 1992. Producer price levels may be expected to increase by 17 percent, along with a less than 14-15 percent increase in the prices of imported goods, and with a somewhat more than 20-percent increase in gross earnings. Due to the further moderation of consumer price subsidies and to sales tax reform, consumer price levels may increase by 4 or 5 percentage points more, by about 21-22 percent.

1993

According to the program, the export rate of increase will level out at around 7 percent in 1993. Halting the increase of foreign indebtedness is both a realistic and necessary requirement. Although the achievement of halting increased foreign indebtedness is based on a presumed, additional increase of the export surplus by 30 percent, this would also permit an almost 4 percent expansion of imports without violating requirements for a balance. A 5-percent increase in the GDP, and a 3-percent increase in domestic utilization becomes conceivable assuming that privatization makes progress in the meantime and that an increasingly fierce competition in the market increases the global income producing capacity of the economy. This should permit a between 2-2.5 percent increase in individual consumption and an approximately 5-percent increase in investments.

The rate of increase in producer prices may be reduced 9-10 percent in 1993, along with a 13-percent increase in wage expenses and an about 10-percent increase in the cost of imported materials. Consumer price increases in 1993 will continue to exceed producer price increases. Consumer prices are predicted to increase by 13 percent, consistent with the increase in individual income.

1994

Along with a 7-percent increase in exports, an approximate 6-percent increase in the GDP becomes feasible. Domestic utilization may grow at the same rate. This is because the achievement of a balance of payments equilibrium will no longer require increases in the foreign trade surplus. In 1994 the rapid increase in exports and in the GDP may be based on investments made during the preceding period and on improved economic efficiency.

A single digit consumer price index becomes feasible according to the basic alternative which supports the forecast. Pressures exerted by production costs will be smaller. The breaking of inflationary expectations and the appropriate functioning of interest reconciliation mechanisms may render an increase in real wages feasible even along with a 10-percent increase in nominal wages. Single digit inflation may be supported also by the demand side, along with the appropriate regulation of the rest of the elements of total domestic demand and the establishment of a balance within the state household.

The rapid growth of the GDP will exert favorable effects in 1994 on the state household balance; taking advantage of opportunities provided by an upward bound economy, the size of the state household may be reduced. The state household expenditures versus GDP ratio will be reduced in 1994 to 57 percent from the 1991 level of almost 64 percent, and the state household deficit will be reduced to a minimum.

Pivotal Points

The program defines the six pivotal points of the government's economic policy:

1. A changeover akin to a turnaround with respect to developing a private ownership system.
2. Reduced governmental role, state household reform.
3. A pragmatic combination of restricting demand and stimulating supplies.
4. Joint management of inflation, unemployment, economic growth, and the balance of payments. During the first two years antiinflationary policies enjoy primacy vis-a-vis the second and third factors, but if society is unable to accept such policy, moderation of unemployment would take precedence over antiinflationary endeavors.
5. Full discharge of international financial obligations, improvement of conditions for long-term cooperation.
6. Gradual achievement of forint convertibility.

Treasury Optimism

In comparing the data presented above from the 1991-94 economic program with the indexes of the three-year program ending in 1993 also prepared by the Finance Ministry during Minister Ferenc Rabar's tenure (1990 FIGYELO No. 49), we find remarkable changes within the 1993 projections. In those days they were counting on a 3-percent increase in gross production, a 3-percent increase in the GDP, a 0-0.5 percent increase in the domestic utilization of the GDP, a - 1 to 0 percent change in ultimate consumption, and a 2-percent increase in investments in the national economy. As the table shows, the present prognosis is far more optimistic. Since both programs were developed by the Ministry of Finance, raising the question of whether we are witnessing optimism by the treasury is particularly warranted.

Commentary

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14 Mar 91 pp 3, 39

[Roundtable discussion with Laszlo Antal, president of Kopint-Datorg and adviser to the MNB [Hungarian National Bank] and former economic adviser to the Nemeth cabinet; Almos Kovacs, Ministry of Finance deputy state secretary; Marton Tardos, Alliance of Free Democrats (SZDSZ) managing director; and Gabor Karsai, National Assembly representative; by Gabor Karsai; place and date not given: "A Step Back to Professionalism"—first paragraph is FIGYELO introduction]

[Text] Our guests at the roundtable discussion concerning the Finance Ministry's 1991-94 economic program were: Laszlo Antal, Kopint-Datorg president and MNB [Hungarian National Bank] presidium adviser, Almos Kovacs, Finance Ministry deputy state secretary,

and Marton Tardos, SZDSZ [Alliance of Free Democrats] managing director and National Assembly representative. Gabor Karsai represented our editorial offices.

[Karsai] In reporting the economic program draft in the 1991 issue No. 9 of FIGYELO, we expressed a feeling that in all probability, economists would agree with a majority of the goals established in the program proposal. But at a meeting of the expert council of the Hungarian Economics Society, an article on that subject appears on pages 38-39 of this issue, International Economic Relations Minister Bela Kadar said that this program was a "somber refrain of a song filled with complaints." In other words, he regarded this document as one similar to others prepared in previous years, one that constitutes a one-sided document based on a financial outlook. Others thought to have discovered some old-time thinking characteristic of the planning office. What is your view? In what ways does this program differ from the earlier concepts prepared during the Nemeth era and the one prepared under the stewardship of the former finance minister, Ferenc Rabar?

[Kovacs] This program was developed by Finance Ministry experts pursuant to Finance Minister Mihaly Kupa's conceptions, and indeed, several persons from the planning office were involved. It is our hope that this will become the government's program. It is a fact that much similarity exists between this draft and the programs advanced in recent years, and particularly between this program and Mr. Rabar's program. The reason for this similarity is that from the standpoint of the Hungarian economy there simply are no real choices regarding many issues. The present program may already build on the three-year agreement reached with the International Monetary Fund, whose foundations were based on the Rabar program, and this, of course, is also reflected in the similarity of the analysis.

Many people take note of the fact that also this plan projects a decline followed by an upswing. I must stress that this program does not predict economic processes. We have expert estimates, which by necessity are uncertain. The tasks established for the government constitute the essence of this program. These are contained in a table attached to the program. In it the tasks were grouped into 15 main areas, and in each area the goals and those responsible for achieving those goals were designated. In a condensed form, the basic economic policy concept is contained in the six pivotal points also published by FIGYELO.

[Tardos] The 10-percent reduction in this year's gross industrial production is the only thing we should take seriously. Figures pertaining to subsequent years are not serious.

[Karsai] But what sense does the whole thing make if from a conceptual standpoint the program is not new, and if its forecasts are nonessential or uncertain?

[Kovacs] The present program contains a more accurate accounting of tasks, and not the least of which designates

those responsible for performing these tasks. In addition, the necessary consensus did not exist either in government or in society with respect to the earlier programs. This is one reason why the new finance minister felt that it was important to proclaim a program tied to his name.

[Tardos] Whatever resemblance there is between the present program and the previous programs is not bad, the trouble is that the new program contains only a few elements expressed in more specific terms. For example, in the Nemeth government's program, privatization was missing from alongside the monetary and fiscal rigor, and this also constituted the weak point in the Rabar program. Although the new program projects an acceleration of privatization, it does so without providing any specifics. Similarly, it is appropriate to state that a balanced budget cannot be achieved without reducing the tasks funded by the state budget, but it appears that not enough thought has been given to the consequences of such reductions.

Yet, in the overall scheme of things, this is a good program, but in a manner similar to the earlier program, this program does not appear to enjoy political support either. Only one thing has changed: At this time Jozsef Antall, who did not declare his unequivocal support of Mr. Rabar, made a spectacular statement according to which he envisioned the key to the country's economic success in the person of Mihaly Kupa. The question is whether he will be able to convince the thus far resisting members of his cabinet and representatives of the coalition parties. He may, but we cannot tell as of today.

[Antal] But let's admit, there is a significant difference between this program and the Rabar concept, and particularly the National Renewal Program. Compared to the National Renewal Program this program constitutes a step back to professionalism. On the other hand, compared to the Rabar program, the maneuvering character of the new program is a favorable feature, i.e., the ability to shift economic centers of gravity, and the emphasis on institutional reform instead of on flirting with shock therapy.

At the same time it is quite visible that the function of this program is to return the shattered self-confidence of the government. This purpose is served by the promise of an early upswing. I cannot regard these figures as mere illustrations. For example, the prediction that this year's 4-percent decline in the GDP may be followed by a 2-3 percent growth next year, moreover that this would take place in the framework of antiinflationary economic policies, comes as a surprise. A tremendous suction force on the demand side would be required to accomplish this, and this is rendered unlikely by the recession in the West and the collapse in the East. Meanwhile, the program projects a smaller than the generally anticipated decline in the Eastern markets, and a forceful upswing thereafter.

[Karsai] What do you mean by "maneuvering"? Your example illustrates the opposite. The figures conceal the uncertainty of economic conditions and the necessity to develop alternatives that flow from this uncertainty.

[Antal] The fact that they do not want to apply as stringent tight money policies as later because the enterprise sphere geared to the Eastern market would collapse, constitutes maneuvering. For the same reason, there is presently no possibility to moderate inflation.

[Karsai] But what factor would permit a reduction in the growth rate of price levels next year?

[Antal] The assumption holds that the East European shock effect has come to an end. I do not believe that this is the case.

[Tardos] What Laszlo Antal calls maneuvering is the fact that they wrote a program in the Finance Ministry which is capable of producing a turnaround and growth within a relative short period of time, and which is capable of attracting political support.

[Karsai] But where are the foundations for this turnaround?

[Kovacs] The advance indications were based on expert opinion. These figures were not invented in response to orders placed by politicians, and in a manner different from the old plan figures, no distribution mechanism of any kind has been built on these figures.

Predicting a 2-3 percent growth after a 4-percent decline may come as a surprise, but perhaps this growth rate is not so inconceivable after a three year, approximately 10-percent decline.

Indeed, the future of the Eastern markets is a critical element in the forecast. But if we use as our starting point the fact that even under favorable conditions, 1991 exports to the East will amount to only half of the 1989 exports, and the fact that Hungarian goods are competitive in the Eastern market, we may have grounds for confidence that these markets will stabilize, provided that we permit Hungarian entrepreneurs to directly establish their business relationships.

[Tardos] Let's not argue about numbers. The question is whether the turnaround, only the sense of which is conveyed by these numbers, can be realistically expected to take place.

[Antal] More accurately, are there sufficient driving forces which catalyze the Hungarian economy despite strong antiinflationary measures, to enable the Hungarian economy to make a turnaround and grow? I see no such driving force.

[Kovacs] Last year's dynamic exports suggest that economic constraint is a very great master. In 1989 exports declined despite premiums offered to managers and despite soliciting competitive bids for exports. However, last year exports increased by spectacular proportions in response to constraints and in the absence of such incentives. Breakthrough points will evolve as long as the constraint continues to exist.

[Antal] As we learned from the previous issue of FIGYELO, we developed a 500 million rubles worth of export surplus with the Soviet Union during the first two months of 1991. Whether we will ever receive anything for that is a big question. This then suggests that the government is unable to resist pressures to grant export licenses, and I do not know just how successful the government will be in resisting enterprise demands which protest restrictions, fight for continued presence in the CEMA markets, and seek financing for inventories produced for this market.

[Tardos] The weak point of the program is that it does not bring into sufficient focus a number of problems which present themselves as preconditions for success. The likely reason is that the political consensus needed to resolve these problems is missing.

[Karsai] In other words, what would prompt the present government to accept the tensions that accompany bankruptcies, for example?

[Tardos] Yes, that's one example. But I could also refer to the fact that Bela Kadar for instance, another important person in the cabinet, has ideas about many things which visibly differ from the finance minister's views.

[Kovacs] I more or less recognize these same problems as the chief sources of danger, and it would be important for the government to develop a unified position regarding fundamental issues. Matters like the need to permit economic constraint to exert its effects.

By remaining passive with respect to certain issues, the cabinets of the previous year conducted themselves in a positive manner. They threw far fewer life rafts to enterprises than one could have expected. This type of conduct must be continued, i.e., we must resist the pressure mentioned by Laszlo Antal. Marton Tardos was also correct when he claimed that certain pivotal issues remained unclarified. But it would be an illusion to expect the accomplishment of spectacular results in the course of two months regarding matters which profoundly affect the people's standard of living within the pension, health care, and educational systems. These have been the subjects of examination by various reform committees for decades. At this time we were able to summarize only the tasks.

[Karsai] Does that not amount to too little?

[Antal] In my experience, having the government accept the basic principles of reforming such big systems is most difficult. One can only reiterate rather empty principles until the basic principles can be agreed upon. I regard the possible acceleration of inflation as one of the great threats faced by the program. This is because monetary policy cannot freely determine the volume of money, it cannot choke off the economy. Accordingly, a wage policy which manifests an unusual self-restraint is needed, and individual income must also be restrained. Essentially, along with monetary policy, income policies must also project an antiinflationary profile. Inflation

must be restricted for yet another reason: No healthy investor attitudes can evolve amid constant inflationary expectations, and the related anticipation of devaluation. Something is missing in this regard from the program, and I have in mind the uncertainty of the figures.

[Karsai] In other words, the program proclaims that inflation will be reduced by 1992, but the means needed to reduce inflation are not shown. Moreover, the full wage liberalization promised for next year is contrary to that proclamation.

[Antal] That's how it is.

[Kovacs] I agree with statements which regard the reduction of inflation as most important, and this is even more important than starting out on a growth course. The fact that we have essentially gotten beyond the restoration of natural price ratios, the downscaling of subsidies and the discontinuation of ruble-based settlement, serve as a good starting point for reducing inflation. I also agree with the idea that the state must slow down the outflow of income from within the sphere regulated by the state. The critical issue emerges outside of this sphere. We must try to understand that inflation alone will accelerate unless we exercise self-restraint, and that a reduction in real wages will occur anyway, one way or another. In this regard there will be a particular need to establish a societal consensus supportive of the program.

Incidentally, I almost could not believe my eyes when I saw that according to statistical data, the wage increase was smaller in the private sector, whose wage management was fully liberalized in 1990, than in the state sector.

[Karsai] I do not believe that precisely this item of all the data pertaining to the private sector holds true.

[Tardos] Indeed, but we have no proof to indicate that the extent of "wage fraud" has increased precisely last year.

Incidentally, I am not so much concerned about full wage liberalization, because today's brakes on wage increases are no longer overly significant. The decisive issue is whether enterprises will be forced to manage their expenses, and within that their wages, sparingly as a result of liquidity considerations, and whether it will be possible to develop a real mechanism for the reconciliation of interests. Of course, this is preconditioned by the existence of well prepared, competent trade unions.

We must stop the enterprise strategy to consume their assets. This is pursued by enterprises which temporarily or in the long term remain the property of the state. Halting this trend would become possible only as a result of establishing requirements for certain levels of revenues, but the program does not address this issue.

[Kovacs] The government is already considering the establishment of holding corporations to direct enterprises only on the basis of financial considerations. This

is reflected in the program as a goal. But the concept has yet to be developed in detail.

[Karsai] Is the difference between the crisis management program announced by the SZDSZ and the present government program already visible?

[Tardos] Government circles will obviously deny this, but I believe that there is truth to the view which is frequently expressed by representatives of the ruling party: The present program is much closer to the opposition views than to the provisions of the National Renewal Program. We are glad that this is the case. At the same time however, very slow progress is being made in resolving a number of practical issues, and we would like to express our own thoughts in these matters. A number of technical issues are totally unclear with respect to privatization. Entrepreneurs lack appropriate knowledge concerning both the domestic and the foreign markets. I talked to several entrepreneurs who would be capable of investing as much as a hundred million forints, but they are deterred from doing so because they lack market strategies. The chief concern is not the frequently invoked high nominal amount of real interest that must be paid for credits, but the lack of connections in the marketplace, particularly in foreign markets. They mention the concern about high interests payments only as a matter delaying their decisions in a civilized way. The need calls for firms which provide advice and conduct market research, the functioning of such firms should be supported by the state.

[Karsai] These are obviously important matters, but frankly speaking, I think that as long as the SZDSZ feels it necessary to develop an independent crisis prevention program, that program should have more pronounced characteristics.

[Tardos] I would be hard pressed to mention an economic goal that is not mentioned in the program we discussed. I recognize differences only with respect to issues of detail. We wish to state something pronouncedly different, but not as compared to the presently described government program. We would like to act differently as compared to what has taken place thus far, and to the corresponding intentions which still exist today. We want to see that the Hungarian economy indeed accomplishes the goals of the program.

[Karsai] Should I understand this to mean that the SZDSZ might support the government's endeavors despite representatives from the ruling party?

[Tardos] Actually, this situation has existed for quite some time. The government rhetoric includes many favorable goals which have not been enforced in practice, and our critique clearly pertains to the latter. This was well reflected in the course of the December debate over the budget. There the great majority of obstructionist, hard to overcome amendments originated from ruling party representatives, while we, despite the fact that we were in the opposition, conducted ourselves in a

constructive manner with respect to the government, in agreement with the basic conception.

1990 Statistical Report Summarized

91CH0484F Budapest FIGYELO in Hungarian
7 Mar 91 p 12

[Unattributed article: "Beyond One Trillion"]

[Text] Hungarian economic performance in general fell below 100 percent last year. The industrial production index turned out to be 91.5 percent; specialized energetics branches stood at 96.1 percent; base materials producing branches at 84.6 percent; and the processing industry at 91.6 percent. With a few exceptions, industrial subbranches showed extremely weak results. For example, the mining industry registered 88.2 percent, foundry industry production fell almost 20 percent below its 1989 production level, the machine industry taken as a whole performed at an 85.3 percent level, but the transportation vehicle manufacturing industry scored only 69.8, percent. The fertilizer and pesticide production, manufacturing within the chemical industry, came in at 79.4 percent, and the rubber industry 79.4 percent.

It would be easier to characterize last year's performance of the Hungarian industry by highlighting the industry branches which performed above 100 percent. Thus, we find the following: electrical energy industry, 100.2 percent; communication and vacuum technology industry, 104.3 percent; pharmaceutical industry, 103.1 percent; and breweries, 105.6 percent. A production decline of 10 percent and 20 percent in industries regarded as important only a few years ago did not create much sensation in 1990.

Productivity projects an odd, or at least an unusual picture. Except in the electrical energy industry, the number of employees declined by between 10 percent and 20 percent. On the other hand, per capita production increased only in the mining industry, by 7 percent, and to a small extent in the food industry.

Industrial employment figures evolved according to preliminary expectations. With the exception of two industry branches, the number of employees declined in every branch. The exceptions were the electrical energy industry, and the pharmaceutical and brewery industries. In these industries the employment rate increased by between 2.6 percent and 3.7 percent. These increases did not make a dent in the overall decline in employment in most industry branches. Gross wages in general increased by between 20 percent and 30 percent. The average gross industrial wage increase amounted to 24.3 percent. Average wages in the crude oil and natural gas industries amounted to 22,838 forints, to 22,043 forints in the crude oil industry [as published], and to 13,397

forints in industry taken as a whole. It is noteworthy that gross average wages continue to be highest in the traditional heavy industries.

Industry is not the only sector in which economic performance has deteriorated. Slaughter hogs declined by 10 percent in number and by 6.5 percent in weight; slaughter cattle by more than 10 percent in number and by almost 10 percent in weight. The volume of transported goods declined to a stunning extent. In 1989 a total of 312,944 tons of goods were transported. The corresponding figure for 1990 is 221,711. Performance in both long distance and local personal transportation declined by 10 percent in the average.

Foreign trade has always been a sensitive point of Hungary's international economic and financial situation. In these days international, financial, and market relations in foreign trade are undergoing fundamental changes, the country's external economic relations are changing. Changes of this nature occurred in Hungarian foreign trade in 1990.

Last year Hungary imported goods worth 544.9 billion forints, as compared to 523.5 billion forints in 1989. Of the total imports 159.3 billion forints were accounted for in rubles, while 383.5 billion forints worth of imports were paid for in currencies other than rubles. The total value of 1990 exports amounted to 603.6 billion forints. Of this amount 158.9 billion forints worth of exports were accounted for in rubles, while 444.7 billion forints worth of exports were paid for in currencies other than rubles. By using comparative prices we see a greatly different picture: Imports subject to settlement in rubles amounted to only 82.2 percent of similar imports in 1989, while exports subject to settlement in rubles reached only the 73.9 percent level of the previous year's export accounted for in rubles. The situation is more complicated with respect to foreign trade accounted for in currencies other than rubles. At comparative prices the various categories of imported goods are generally active, while on the export side all main categories of goods except energy resources and foods closed with a surplus.

Everything contained in the 1991 Statistical Office Monthly Report No. 1 makes exciting reading. Most of the data is new, virtually current. The information concerning living conditions is current. According to Hungarian National Bank data, 1990 individual current income increased by 29.3 percent. As a result of this increase, total individual income exceeded the 1,000 billion level for the first time in history. Current individual income amounted to 1,176.238 billion forints, about half of which, 587.814 billion forints, originated from employment. Small business and private venture income shows an outstanding increase from 134 billion forints to 192.5 billion forints, and so does pension income which increased from the 1989 level of 158 billion forints to a 1990 level of 211.3 billion forints.

1990 Balance of Payments Analyzed, Discussed*91CH0483D Budapest FIGYELO in Hungarian**14 Mar 91 pp 16-17*

[Article by Akos Cseres: "Balance of Payments—1990"]

[Text]

Hungary's 1990 Convertible Currency Balance of Payments (millions of dollars)

Exports	6,346
Imports	5,998
Trade Balance	348
Services and Income	
Net transportation of goods	- 164
Net government payments	17
Net services	302
Foreign tourism income	818
Expenditures	473
Balance	345
Direct capital investment net income	- 24
Foreign investment income	230
Expenses	1,644
Balance	- 1,414
Net income derived from work and assets	18
Net* unilateral transfers	727
Other payments, net	- 28
Current balance of payments	127
Capital movements balance	- 127
1. Medium and long-term capital movement	204
Net receivables	- 76
Net payables	280
Receipts	2,827
Payments	2,547
Basic balance	331
2. Short-term capital movements	- 893
Receivables	- 324
Payables	- 569
Total balance of payments	- 562

* As a result of foreign exchange liberalization, the decentralization of the right to pursue foreign trade activities, and the large scale growth of the number and sales volume of independent and small entrepreneurs part of the exports and imports appears in this line, in a manner different than before.

Hungary's 1990 Balance of Payment in Nonconvertible Foreign Exchange (millions of dollars)

Exports	2,719
Imports	2,529
Trade Balance	190
Services and Income	
Net transportation of goods	- 9
Net government payments	54
Net services	- 118
Foreign tourism income	159
Expenditures	107
Balance	52
Direct capital investment net income	13
Foreign investment income	21
Expenses	11
Balance	10
Net income derived from work and assets	- 6
Net unilateral transfers	52
Other payments, net	12
Current balance of payments	250
Capital movements balance	- 250
1. Medium and long-term capital movement	- 97
Net receivables	24
Net payables	- 120
Receipts	12
Payments	133
Basic balance	153
2. Short-term capital movements	69
Receivables	86
Payables	- 17
Total balance of payments	222

Hungary's International Reserves and Other Foreign Receivables in December 1990 (millions of dollars)

International Reserves	1,969.3
In convertible currencies	1,166.4
In gold*	97.1
Foreign exchange reserves	1,069.4
In nonconvertible currencies	802.9
Other foreign receivables	4,757.4
In convertible currencies	4,165.6
Short-term	2,739.9

Hungary's International Reserves and Other Foreign Receivables in December 1990 (millions of dollars)
(Continued)

Long-term	1,425.6
In nonconvertible currencies	591.8
Short-term	108.1
Long-term	483.7
Total international reserves and other foreign instruments	6726.7

*Gold valued at U.S. \$320.00 per ounce

Hungary's Total Foreign Indebtedness as of December 1990 (millions of dollars)

In convertible currencies	
Total foreign indebtedness	21,269.5
According to original due date:	
Short-term	2,940.5
Medium-term	18,329.1
By type:	
Financing loans	17,586.9
Trade credits	1,979.5
Intergovernmental loans	472.5
Other credits	1,230.6
Operating capital investments	569.0
In nonconvertible currencies	
Total foreign indebtedness	235.0
According to original due date:	
Short-term	79.9
Medium-term	155.1
By type:	
Financing loans	70.6
Trade credits	0.0
Intergovernmental loans	139.9
Other credits	24.5
Total foreign indebtedness	21,504.5

Hungary's Net Foreign Indebtedness as of December 1990 (millions of dollars)

Total foreign debt	21,269.5
Total international reserves and other foreign instruments	5,332.0
Net foreign debt	15,937.5

After six years of deficit, last year's convertible currency balance of payments once again closed with a surplus and showed a \$1.6 billion improvement over 1989.

The last positive current balance of payments occurred in 1983-84. At that time we forced out a significant trade surplus by imposing strong administrative restrictions

along with continuously decreasing imports. In contrast, last year's surplus has been achieved along with the liberalization of about 70 percent of increasing mercantile imports.

The outstanding, \$945 million mercantile trade surplus achieved at border parity was blunted by entrepreneurs' expectations of devaluation. Exporters had hoped to realize greater revenues following devaluation, and delayed the presentation of documents after delivering goods. Importers, on the other hand, advanced their payments. The difference between the movement of goods and of money was greater than in previous years. Consequently, mercantile trade contributed to a lesser extent to improving the balance of payments last year than it could have, had it been a result of actual, real processes. Thus, due to time delay, the beneficial effects of mercantile trade on the balance of payments presents itself only now, in the first quarter of this year. The other reason for the blunted 1990 balance of payments is that along with increasingly widespread authority to pursue foreign trade, a significant part of the export transacted by private and small enterprises did not appear in the form of mercantile trade, but as so-called uncompensated transfers on individual foreign exchange accounts.

Factors other than mercantile trade and the payment of interest were the most important components of the improved 1990 balance of payments.

Based on the above data one may regard the results produced by foreign tourism as outstanding. Liberalized rules of travel, favorable customs tariffs and the exemption from general sales taxes in 1989 produced a situation in which the foreign tourism balance showed a deficit of \$350 million, mainly because of large scale purchases made by Hungarian citizens abroad. Shopping tourism declined in 1990 as a result of corrective action taken in November 1989, the reduced availability of foreign exchange to individuals, more stringent customs regulations and requirements to pay general sales taxes, and due to improvements in the supply of goods caused by liberalized imports. The revenue side of foreign tourism was favorably affected by the arrival of more than 17.5 million visitors and tourists with convertible currencies, a more than 40 percent increase over the number of visitors in 1989. On the other hand, the visitors' per capita spending increased to a smaller extent, nevertheless the traditional surplus building role of foreign tourism was restored.

The fact that the total amount of individual foreign exchange deposits has suddenly increased as a result of the large scale relaxation of rules governing the placement of foreign exchange also contributed significantly to the balance of payments surplus: as compared to the late December 1989 volume of \$375 million, individual foreign exchange deposits toward the end of last year have reached the \$1.2 billion level. In addition to economic factors such as the above described export revenues which serve to explain the increase, and in addition to services rendered for foreign exchange, some other

trends also prevailed. Increased foreign exchange deposits have resulted in part from expectations of devaluation, and in part they signalled a recognition of the fact that interest earned on these deposits were not to be burdened by a "source tax."

Within services rendered, the surplus generated by reexportation and by transportation (public road and air transportation) was significant. Within business services, the rapidly increasing export surplus created in the field of financial and middlemen services was offset by leasing fees paid. These exceeded \$110 million.

Foreign interest payments constitute the greatest burden on the current balance of payments. These payments showed only a small increase as compared to 1989 despite a weakening dollar and slightly increasing interest rates. The primary factor behind this phenomenon was the Hungarian National Bank's debt management policy (issuance of fixed interest rate bonds, borrowing and obtaining guarantees for interest levels through international money markets, etc.) which intended to reduce current burden interest expenses. The balance of repatriated profits generated by direct operating capital investments closed with a \$24 million excess expense last year.

Even though it was possible to achieve a balance of payments surplus, concern centered around a lack of confidence manifested by the international money market during the first half of 1990. Creditors viewed the 1989 balance of payments unfavorably at the beginning of 1990. At the same time, the effects of political uncertainty could also be felt from the beginning of the new year until the elections. In addition, a view which regarded East-Central Europe as a unified whole once again gained strength because of payment difficulties experienced by the Soviet Union after the announcement of Bulgarian insolvency. In response to all of the above, our foreign partners withdrew large amounts of deposits during the first half of the year. The confidence of the international money market in Hungary improved after the elections, as a result of an unequivocal government statement concerning the fulfillment of debt service obligations, a favorable change in the balance of payments, and the on time fulfillment of debt service obligations.

Regained confidence was reflected in the fact that Hungary was able to fulfill its medium and long-term borrowing plan. From among borrowings from official sources, in addition to World Bank project loans structural transformation was supported by the Structural Transformation Loan and the related JEXIM cofinancing project, in addition to the modest amount drawn under the standby credit agreement reached with the International Monetary Fund. The three year 870 million European Currency Unit credit account opened by the European Economic Community was also a significant factor in reestablishing confidence. We drew the first installment of \$420 million against that account.

Adjustments in the exchange rates between individual countries caused the dollar to weaken. Consequently our gross indebtedness in dollars has increased. At the same time, however, our gross indebtedness has decreased if counted in terms of the combined exchange rates of various currencies within the region. By using this approach the effects of exchange rate variations among individual countries appear as more moderate. For example, counted in ECU's [European Currency Units], our gross indebtedness decreased from 17.2 billion to 15.8 billion. Our debt ratio was also reduced vis-a-vis the Gross Domestic Product, from 70 percent at the end of 1989 to 65 percent. The debt service rate (debt service expressed as a percentage of mercantile exports) also decreased from the 1989 year end 57 percent to 53.5 percent.

Reserves within the total amount of our receivables declined as a result of the short-term withdrawal of deposits during the first half of the year, then stabilized. However, reserves were once again reduced toward the end of the year because of the high oil bill we received, at the same time, the total amount of receivables recorded by enterprises increased. Thus, our total receivables were somewhat reduced from the \$5.5 billion recorded at the end of 1989 to \$5.3 billion. (The reduction is somewhat larger in ECU's.)

Expressed in terms of the weakening dollar, our net indebtedness increased from \$14.9 to \$15.9, but it decreased by 0.8 billion if counted in ECU's, and amounted to 11.8 billion ECU's.

Following a record \$866 million surplus in the 1989 nonconvertible currency balance of payments, 1990 once again closed with a significant, \$250 million surplus despite intentions to the contrary.

Payments in nonconvertible currencies consist of trade transactions accounted for in transferable rubles with CEMA countries. The figures thus derived are converted into dollars based on Hungary's official exchange rate. Traditionally two factors played a definitive role in the way the current balance of payments evolved in these trade relations: mercantile trade and tourism.

The foreign exchange balance of mercantile trade with CEMA countries amounted to \$130 million primarily because of increased export revenues. Mercantile trade transacted with other countries in nonconvertible currencies produced a close to \$60 million export surplus. As a result of the joint effect of these two factors, the final trade balance once again showed a total surplus of \$190 million. Deviating from previous years' experience, transfers effected by persons who permanently resettled in Hungary constituted a rather large amount (\$45 million) within uncompensated transfers. On the other hand, the usual surplus produced by foreign tourism declined mainly because the incoming tourists' opportunities to exchange foreign currencies has been restricted.

Behind the unintended \$250 million current balance of payments surplus one finds additional tensions, certain differences on a country by country basis. These reflect

changes in the preparedness of CEMA trading partners to deliver and to receive goods in the course of the year. Our indebtedness to the German Democratic Republic increased by almost 600 million transferable rubles. At the same time, however, in response to mercantile trade and other items the total amount of our receivables vis-a-vis the Soviet Union increased during the subject period. The increment amounted to 830 million transferable rubles, more than the 1989 increment of 603 million rubles. According to accounts maintained by the International Bank for Economic Cooperation, our receivables from the Soviet Union have increased to 1.6 billion transferable rubles. Using the 0.92 multiplier based on the Hungarian-Soviet intergovernmental agreement, this amount represents credit extended in the amount of \$1.5 billion.

The improving balance of payments picture also projects some promising trends for 1991. Above all, these translate into the changed direction of exports, notably the decline of exports subject to settlement in rubles and a substantial increase in sales to Western markets, as well as a favorable surplus in foreign tourism. Halting the increase of our indebtedness is an accomplishment. However, undoubtedly certain factors should cause concern, as for instance the further increase in our transferable ruble receivables and the uncertainty of the former CEMA export market.

Labor Affairs: Real Wages, Earnings Analyzed

91CH0484A Budapest FIGYELO in Hungarian
7 Mar 91 pp 1, 9

[Article by Judit Lakatos]

[Text] Gross wages increased by 25 percent last year, while net wages rose 21 percent at firms employing more than 50 persons. In the meantime the consumer price index has reached the 29-percent level, and thus a decline in real wages has become a reality. This holds true at least with respect to firms with more than 50 employees; these employ two-thirds of all employed persons.

Absolute and Relative Levels of Gross Average Income in 1990

Branch of Economy	Forints	Percentage
All material branches	13,200	100.00
Industry	13,680	103.63
Construction industry	14,650	110.98
Forestry and agriculture	11,170	84.62
Transportation	12,930	97.95
Postal service and telecommunication	13,830	104.77
Domestic commerce	13,060	98.93
Foreign trade	28,740	217.73
Water resource management	13,880	105.15

In addition to reduced real wages, employment security has also deteriorated substantially in 1990. During the year the number of registered unemployed persons quadrupled. At the same time, however, from the standpoint of the average European, this number is still enviably low. The below two percent unemployment rate indicates a slower than expected transformation of the economic structure.

The quarterly rate by which earnings increased was somewhat more even than before. No significant outflow of wages occurred even during the final months of the year.

As a result of the close to 25 percent gross earnings increase, the gross monthly 1990 earnings of persons working in firms which have more than 50 employees amounted to 13,205 forints. This represents a net earning of 9,960 forints. Within the various branches of the nation's economy, the largest increase in earnings, 40 percent, was recorded in commerce. As a result, this branch took second place after the construction industry as far as the amount of earnings was concerned. From among the various branches of the economy, foreign trade recorded extremely high earnings. This may also be attributed to the peculiar personnel composition of this branch: the high ratio of qualified white-collar workers. The relative position of industry, which characteristically paid high wages for decades, has deteriorated mainly because of the crisis in the traditionally high-paying heavy industry branches. Although the construction industry continues to provide the highest gross average earnings, the 1990 growth rate of gross average earnings fell behind by almost 6 percentage points the average rate of increase in other material branches. Considering the amount of earnings, agriculture and forestry have not changed, these branches continue to lag by about 15 percentage points behind the average earnings recorded by all material branches. Within these branches earnings are lowest at the cooperatives. On the other hand, determination of the real income situation of agricultural workers is made significantly more difficult by the fact that within this branch income earned from primary occupations is beginning to fall behind income earned from secondary farming activities. In other fields of the economy, and primarily in industry, the significance of income sources outside of, nevertheless related to primary occupations, has decreased. The demand for labor manifested by firms earlier has ceased as a result of stagnating production and with the narrowing of traditional markets, and as a result of this, the most important existential base: Intraenterprise entrepreneurship has also vanished. Meanwhile, members of the dynamic stratum of former enterprise workers' business partnerships, rich primarily in ideas, became real entrepreneurs.

The gap between white-collar and blue-collar earnings has also increased. Thus, the gross earning of 19,170 forints of white-collar workers has exceeded the earnings of laborers by 71 percent, but the net earnings difference is substantially smaller, it amounts to only 53 percent.

Behind these averages we find a significant spread in actual earnings. Based on a survey of earnings categories

conducted last September by the Central Statistical Office, in 1990 the gross earnings of 6 percent of persons employed within the materials branches did not exceed 6,000 forints, while a somewhat smaller proportion of 4 percent earned more than 30,000 forints. Half the number of employed persons earned between 6,000 and 12,000 forints.

The ratio of persons earning less than 6,000 forints was extremely high in the light industry, in other industry and in agriculture. Since in these fields the ratio of female employees has been traditionally high, a statement to the effect that this survey also reflected the lower earnings of women came as no surprise. This is due to women's lower average educational and training level, and to attitudes rooted in tradition. While among men the ratio of persons earning less than 6,000 forints was about 5 percent, the same ratio relative to women came close to 11 percent. At the same time the gross income

earned by 11 percent of men exceeded 20,000 forints. The same ratio applied to women is 4 percent.

The September survey also extended to firms employing fewer than 50 persons. These firms were disregarded by labor affairs surveys conducted in the course of the year. Based on data produced by this survey, average earnings in firms with fewer than 50 employees were 27 percent higher than in the case of firms employing more than 50 persons. This difference is also reflected in the distribution of employees based on the size of earnings. Less than one-third of persons employed by firms with fewer than 50 employees earned less than 10,000 forints, as compared to the 41 percent ratio characteristic of large organizations. The 10 percent ratio of persons with high earnings, 30,000 forints or more in gross earnings may be regarded as such, is even more remarkable. This may be explained in part by the relatively high ratio of the management stratum, and in part by the fact that within this stratum "quasi" owners are also represented.

Distribution of Persons Employed in the Material Branches According to Size of Income in 1990 (in percentages)*

Branch of Economy	6,000 Forints and Less	6,001-8000	8,001-10,000	10,001-12,000	12,001-16,000	16,001-20,000	20,001-30,000	30,000 or More
Gross Monthly Earnings Ratio								
Industry	6.1	13.3	16.7	15.6	21.9	11.5	10.5	4.4
Construction industry	5.2	10.5	14.1	15.2	24.6	14.5	11.0	4.9
Agriculture and forestry	12.0	18.0	19.7	16.6	19.2	7.5	5.0	2.0
Transportation, postal service, telecommunications	5.0	17.3	23.1	18.5	21.6	8.8	4.6	1.1
Commerce	7.8	19.8	19.9	14.5	16.6	8.3	8.0	5.1
Water resource management	2.3	10.5	18.9	21.2	27.1	10.6	6.5	2.9
Total materials branches	8.0	15.4	18.4	16.3	20.9	10.1	8.3	2.6
Of this—men	4.8	10.6	15.4	15.8	24.3	13.0	11.1	5.0
—women	10.7	22.1	22.5	16.3	16.2	6.1	4.3	1.8

* Based on the KSH [Central Statistical Office] September 1990 survey

Discussion on Levied Controversial Local Tax

91CH0483B Budapest FIGYELO in Hungarian
28 Feb 91 p 4

[Report by V.A.]

[Text] At its 19 February meeting the capital city General Assembly decided not to await the parliamentary adoption of additional legislation on local government, including, for example, the so-called Budapest Law. Instead the General Assembly decided to face possible consequences which stem from uncertain terminology in the legislative provisions and to introduce a business tax.

The legislature was forced to take this action because simply put, the autonomous governing bodies in

Budapest and in the various administrative districts of Budapest were unable to prepare budgets and to implement promised pay raises. Moreover, the 20th district of Budapest became insolvent.

Capital city funds fell short of the 6.3 billion forints needed to maintain present level operations. Of this amount, between 5.0 and 5.5 billion forints will be covered from business taxes. But funds to cover 50 percent of the anticipated annual inflation are not yet covered, and similarly, no funds support the operations of the Budapest Transit Company. Nevertheless, according to authoritative sources, the deficit, as reduced by business taxes to the 1-billion-forint level, will be manageable.

The decree adopted by the General Assembly provides for the establishment of a cooperative body by 15 March to jointly manage the tax revenues of the 22 districts and the capital. Such a body is needed because preliminary calculations indicate that business taxes in the 5th district, amounting to 0.3 percent of sales revenues, would yield billions of forints, while certain outlying districts would collect only between 10 million and 20 million forints in taxes on the same basis. This is why the General Assembly decided that unlike all other taxes, business taxes should be managed centrally. A cooperative body is suitable for this purpose. In the event that a cooperative body is not established by 15 March because of the reluctance manifested by any one of the districts, the capital city government will exclude all the districts and will proceed levying the business tax anyway. This is where the legal uncertainty enters the picture.

Paragraph 1 Section (2) of the law on local taxes provides that relative to the capital, the capital city autonomous

government shall be authorized to determine which taxes authorized by the law may be introduced by the autonomous districts. At the same time, Paragraph 8 Section (1) clearly states that local taxes shall constitute revenues solely for the autonomous government which levies such taxes.

Responding to our question, Mayor Gabor Demszky said that the law may be interpreted in two ways, and that his office has accepted the interpretation which holds that the capital city itself may directly levy taxes. Whether the mayor is correct will be revealed soon. Following the introduction of the new tax, there most certainly will be a citizen, perhaps the county commissioner or one of the district governments, who will seek a ruling from the Constitutional Court regarding this legal uncertainty. But until then, and this may be the noncontrovertible argument presented by the office of the mayor and by the capital city General Assembly, the capital city and its 22 districts will be able to function.

HUNGARY

Interview With President of Roma Parliament

91CH0456A Budapest MAGYAR NEMZET
in Hungarian 4 Mar 91 p 6

[Interview with Roma Parliament President Aladar Horvath and members of the board of directors, Bela Osztojka and Jeno Zsigo, by Bethlenfalvy; place and date not given: "Roma Parliament Directors Discuss Gypsies: They Struggle With the Burden of Disunity"]

[Text] After the weekend session of the Roma Parliament, we spoke with a few members of the board of directors. First we questioned Aladar Horvath, the parliament president.

[Bethlenfalvy] What proportion of the Hungarian Gypsies does the Roma Parliament represent?

[Horvath] Presently, there are 35 Gypsy organizations in Hungary: 18 are members of the Roma Parliament. However, we conferred with all of the organizations, and last December, 24 organizations participated in setting the stage for establishment of the Roma Parliament.

[Bethlenfalvy] What is the reason that some organizations still don't participate in the joint effort?

[Horvath] One reason is that only groups that are legally registered and boast a rigidly democratic charter are eligible to join us. Unfortunately, not all of them can meet these strict requirements. On the other hand, nonparticipation can also be explained by disillusionment, practical experiences, and divergent opinions.

[Bethlenfalvy] With regard to the effective strength of the Gypsies, what kind of basis does the Roma Parliament have? How many Gypsies are there in Hungary today?

"It is very difficult to estimate the size of the Gypsy population," intervenes Bela Osztojka. "There may be 500-600 thousand, according to cautious estimates. We do know that 7 percent of primary school pupils are Gypsies. If we assume 5.0-5.5 percent of the entire society, then we come up with the figure mentioned above. There are those who say the number is 1 million or even greater. Of the entire population, of course, relatively few are members of any Gypsy organization. However, we think that through friends and family relations roughly two-thirds of the Gypsies may be represented by the Roma Parliament."

"The only reason I ask is that the danger exists that these outsider organizations may generate some sort of disunity."

"There is such a danger, and obviously disunity can only hurt the Gypsies. Naturally, social disunity also crops up in Gypsy society, so that we, too, encounter intense emotions and disruptive forces."

[Bethlenfalvy] Isn't the fact that some Gypsy groups have different cultural heritages and therefore are traditionally opposed to each other a factor in this disunity?

"There are such conflicts, but we don't intend to focus on them."

"It must be admitted," says Jeno Zsigo joining the conversation, "that there are significant differences in language, occupation, and lifestyle among the Gypsies. This has often given rise to situations in which some groups are pitted against each other. But in society, too, such stigmatizations have an effect. It is the Roma Parliament's aim to eradicate prejudices and reconcile divergent points of view. We want to offer society a model for how representatives of dissimilar cultural heritages can reach compromises if solidarity is needed. But in the case of Gypsies we are oppressed by this situation, i.e., collective discrimination. Despite our differences we stand united and stick up for each other, and we agree on the classical exclusivity of family, clan, and nation in our culture."

[Bethlenfalvy] My next question is linked to this very exclusivity. What is your game plan? Do you preserve Gypsy culture and thereby commit yourself to further isolation, or do you open up and thereby acquiesce to assimilation?

[Zsigo] I don't think that preservation of our culture and integration into society are out of sync with each other.

I'll give you an example. Let's suppose that a Gypsy family has traditionally earned a living by selling horses, but since there is no need for such a profession nowadays, they move into an apartment...

"Where they tear up the floor, right?" interrupts Aladar Horvath again. "That's everybody's favorite example. But even though I've been preoccupied with the so-called Gypsy question for quite a long time, I've only heard of one such case."

"You mentioned dealing in horses," says Jeno Zsigo. "It must be told that at one time police sanctions made it impossible to sell horses. We now realize what a need there is for horses when the price of a good horse is compared with the price of a car. Nowadays we would be happy if once again there were horse dealers who practiced their profession at the high level the oldtimers did. Gypsy culture has been brought to ruin, but meanwhile nobody has asked the Gypsies whether or not they want to live on the tenth floor of an apartment building. To return to your question, we would like Gypsies to be able to freely pursue professions for which there is a need. No one should attempt by violent means to make this impossible. But if a Gypsy moves into a city apartment house of his own free will, then let him live there with dignity, and if he arranges a traditional baptism, then don't break out in hysteria and start circulating a petition. I just want to emphasize that we have a double identity: We declare ourselves Hungarians and Gypsies

at the same time. Our heritage is not at odds with society. On the contrary, we would like to make Gypsy culture a national treasure."

Compensation Draft Law Seen Unfair to Jews

*91CH0456B Budapest MAGYAR NEMZET
in Hungarian 5 Mar 91 p 5*

[Article by Kertesz: "Forum and Education To Prevent Anti-Semitism: Compensation Draft Law Discriminates Against Jews"]

[Text] Laszlo Keller, East Europe president of the World Jewish Congress, yesterday entertained some journalists at the breakfast table in the Forum Hotel. In the course of the informal conversation he said, among other things, that during the Persian Gulf war Israeli policy, and at the same time the way people judged Jews, changed worldwide to a significant degree. Hungary was no exception, where sympathy for the Jewish nation rose substantially. This, of course, did not alter the presence of anti-Semitism here any more than in other countries. Hungary's specialty: Voices previously forbidden to speak gained strength when it became possible to express and publish any opinion, which was inconceivable before the change of regime.

Mr. Keller said that during his stay in Hungary he had conferred repeatedly with several government ministers and had been promised that every possible effort would be made to prevent the spread of anti-Semitism. Leaders of the six parties expressed similar sentiments when he met with them personally. The compensation law now being debated in the parliament cropped up on each occasion. The World Jewish Congress feels that the law

discriminates against Jews because it fails to redress the grievances of those who were first affected.

The world organization's East Europe president said that he had recently spoken with Dr. Istvan Seregely, archbishop of Eger, and that they had agreed it was necessary to increase cooperation between the two sects. They conceded that Hungary is a Catholic country and that consequently the Catholics are the strongest force in the battle against anti-Semitism. The pulpit has great potential, and it is vital to emphasize the education of youth.

Responding to a question, Laszlo Keller said that the World Jewish League does not meddle in the issue of whether or not Jews living in Hungary should declare their nationality, let each person decide that for himself. Incidentally, he added, the question is also interesting because we trail only the Soviet Union in size of the Jewish population. According to the Israelis, many more Jews live here than we think; the figure could even surpass 200,000, in contrast to our estimate of 80,000. In any case, it is certainly reasonable to rescue from destruction the most beautiful synagogues of the country. The government has already allotted 80 million forints for restoration of the tobacco roads, and to that end will grant an additional 70 million by the end of the year.

It was also noted that it is not the task of the World Jewish League to persuade anyone to emigrate, especially because, interestingly enough, after World War II relatively few survivors of the Holocaust have left the country. On the other hand, Laszlo Keller said that if anti-Semitism continues to grow, one must assume that first and foremost many young Jews will leave their homeland and emigrate to Israel.

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