

25 JUNE 1991



JPRS Report

East Europe

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East Europe

JPRS-EER-91-091

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New East European Strategy From Moscow

91P20386A Frankfurt/Main FRANKFURTER
ALLGEMEINE in German 7 Jun 91 p 1

[Article by W.A.: "Moscow Seeks To Assure Strong Position in East Europe; 'Legitimate Use of Influence Leverage'; Strategy Paper of CPSU Central Committee"]

[Text] Frankfurt—The Soviet Union is seeking to assure itself of "stable and consistent" positions in the territory of its former alliance and, if necessary, to show "firmness" in the defense of its interests. This goal was laid down by the party leadership under Secretary General Gorbachev following recommendations of the International Department of the CPSU Central Committee. In a memorandum, the contents of which have been revealed in detail after several months of delay, the current lack of a "precise strategic concept" on the part of the Kremlin with respect to its former allies was decried and the blame tacitly laid on the former foreign minister, Shevardnadze, who resigned last December after warning of the danger of a Soviet return to dictatorship. "Over the past two years," the paper states, "this [European] region has been unjustifiably thrust into the background in the system of our international priorities." In light of the "active penetration by the West," this has led to a "loss for Soviet interests."

While the document, drawn up in the International Department of the Central Committee under the direction of its chief, Falin, expressly states Moscow's renunciation of "efforts to dominate" and to intervene directly into the affairs of the countries of Eastern Europe, the Soviet Union does not want to renounce its right to "legitimate use of the levers of influence." Instead, it would employ the issue of future energy deliveries to the region as a "very important instrument" of its overall strategy. Under no circumstances could dangers to the military security of the Soviet Union emanate from these countries, it was stated, in connection with the intention of opposing vigorously any entry of their former allies into NATO or the West European Union. Falin's department, which is said to have regained its strong influence on the course of Soviet foreign policy since Shevardnadze's resignation, recommends for the maintenance of old bonds a network of "qualitatively new bilateral agreements" which have, in the meantime, become the object of intensive negotiations. An agreement already concluded between Moscow and Bucharest also calls for a continuation of military cooperation, something rejected by the other former Pact countries.

On the other hand, Moscow perceives as a "real threat" the fact that "authoritarian and nationalistic tendencies" are making themselves felt in these countries. Making allusion to the strivings of several Soviet republics to achieve independence, certain "government circles" in the formerly allied countries, not otherwise characterized, are accused of making common cause with "those

among us who would call into question the socialist point of view and the existence of the USSR as a unitary state."

Soviet East Europe Strategy Paper Excerpts

91EP0561A Frankfurt/Main FRANKFURTER
ALLGEMEINE in German 7 Jun 91 p 2

["Excerpts" of a CPSU Central Committee Memorandum; date and title of memorandum not given: "Memorandum on Soviet Strategy in Eastern Europe; 'The Situation Has Become Difficult'"—first paragraph is FRANKFURTER ALLGEMEINE introduction]

[Text] Some time ago, the Secretariat of the Central Committee of the CPSU adopted a paper, the publication of which was delayed, on the future attitude of the USSR towards its former allies in Europe. The following are excerpts from it.

The USSR is interested in good-neighborly relations with the states in the region. It is very important that these states pursue a policy of friendship towards us, that they not be a source of anti-Sovietism, that they not play the role of an external catalyst for national separatism and for centrifugal tendencies in the USSR, that they not act as fellow travelers with the policy of the forces that have not abandoned plans to restructure the political map of Europe.

Under no circumstances can there be a real or potential threat to the military security of the USSR emanating from the East European region. No matter how events in the countries of the region unfold, they must remain free of foreign military bases and armed forces.

The withdrawal of the Soviet Armed Forces from the countries of Eastern Europe for its part must be carried out with utmost consideration for the interests of the members of the Soviet Army.

Both the existing and the potential interparty relations of the CPSU are of major importance in ensuring the interests of the USSR in Eastern Europe. Besides the traditional relations with the leftist-oriented forces in the region, it is expedient that relations with other parties in the democratic spectrum be established on a systematic basis, with due regard for their role and their influence in sociopolitical life.

Witch-Hunt Halted

In contacts with the new leadership of the countries of Eastern Europe, attention should be given to the unacceptability of a continuation of the witch-hunt that has been unleashed against former leaders, communists, and employees of legal protection organizations in these countries.

The newness of the situation and the turbulent nature of the changes mean that there is an urgent need for a new understanding of our interests, goals, and overall strategy

in Eastern Europe. Whether we will succeed in establishing relations with the countries of the region that ensure solid and durable positions for the USSR depends largely on our policy and on a timely, thought-out reaction to the processes taking place here.

Over the past two years, this region has unjustifiably been pushed to the background in our system of international priorities. As a result, the previous model of relations between the USSR and the East European countries has broken down, and the old system has not been replaced by a new one.

During the current complicated and responsibility-laden time period, when the foundations of future mutual relations are being laid, Soviet policy in Eastern Europe is acting without a precise strategic concept, without a clear definition of goals. Against the background of active advances by the West into this region, this is interpreted by us as a loss of interests, as a withdrawal by the USSR, uninfluenced by rational explanations from the former community, without consideration for the enormous material and intellectual investments made by us.

There is no doubt that the far-reaching transformations in Eastern Europe are bringing with them a serious change in the position and role that Eastern Europe previously played for the USSR. Nevertheless, this region must remain one of the most important priorities of Soviet policy because of its proximity to us in geopolitical, historical-political, and ethnocultural terms, even though the situation has become extremely difficult for us.

One significant threat to our mutual relations has to do with authoritarian and nationalistic tendencies, which are emerging here as a real menace. If in the past perestroika was understood in these countries as a factor that helped them to reform their regimes democratically, the governing circles now are not even refraining from interfering in the internal affairs of the USSR, and are acting in conjunction with those people who are questioning the socialist perspective in our country and the existence of the USSR as a unified state.

The Role of Germany

The East European countries are sounding out the prospects of establishing close ties with the EC and other pan-European institutions, of cooperation with NATO and the Western European Union. Obviously, the effort to gain Germany's favor is primarily economic in nature.

The advancement of property and financial claims against us can lead to complications in bilateral relations. In addition, in the event of an unfavorable development of events in the countries of this region, the possibility that territorial claims will be raised by them against the USSR cannot be ruled out for the future.

It is necessary to act against the accession of our former allies to other military blocs and groups, especially

NATO (and in the future possibly the Western European Union as well), as well as against involvement in agreements that could lead to the stationing of foreign armed forces on their territory.

This objective can be promoted by the pragmatic policy of a balance of interests with regard to the countries of Eastern Europe; this policy shows them the advantages of cooperation with the USSR and requires that they pursue their own line, with adequate consideration for our needs and concerns. This type of policy requires firmness in defending Soviet interests, with a renunciation of attempts to dominate and with an understanding of the essential difference between interference, which we reject, and the use of legitimate levers of influence. Even today, despite the limitations on our opportunities, Soviet policy in Eastern Europe has at its disposal a certain amount of maneuvering room for realizing our tasks.

Energy as Instrument

The countries of Eastern Europe have a critical interest in the energy supply from the USSR (70 to 80 percent of the petroleum demand and 95 to 100 percent of the natural gas demand are supplied by Soviet sources) as well as in many deliveries of raw materials. Weakening this link by blocking Soviet deliveries is not in our interest. The question of energy exports to Eastern Europe must be regarded as a very important instrument in our overall strategy in this region.

With time, fears felt by the countries of Eastern Europe towards the united Germany could also grow in importance. One known factor, although it does not necessarily work to our benefit, is the current line of the Western powers, who regard the situation of instability and, even more so, the situation of political chaos in the region as dangerous.

Of fundamental importance is the systematic coordination of activities between the central and republican authorities in terms of their relations with the East European countries. Without a coordination center, it is difficult to maintain the political course that guarantees the interests of the USSR.

Background to Soviet East Europe Strategy

91EP0560A Frankfurt/Main FRANKFURTER
ALLGEMEINE in German 7 Jun 91 p 14

[Commentary by Michael Stuermer: "Vistula, Moldau, and Danube: How the Soviet Union Is Seeking a New Concept of Eastern Europe"]

[Text] The USSR is withdrawing its troops from the Vistula, the Moldau, and the Danube, but its interests there will remain. The Warsaw Pact ended on 31 March 1991 at 2400, and no one shed a tear over it, aside from a few Soviet hardliners. Hungary, Poland, and Czechoslovakia are openly and quietly soliciting advice from NATO in Brussels as well as from individual Western

governments. The parties to whom these questions are being directed, however, are taking a cautious approach.

This is because the united Germany's membership in NATO was at one time the greatest concession to be gained from the USSR in 1990. Militarily, the status of the area between the Oder and the Elbe is already different from, and less critical than, the rest of Germany. East of that line, caution is recommended. The status of the countries between the Baltic, Adriatic, and Black Seas in terms of security policy is unclear, and will remain a point of controversy in the coming years.

The power struggle in the USSR has provided the critics of the New Thinking, of arms control, and of the withdrawals with a veto. Although they are not returning us to the Cold War, the West cannot help but have feelings of *deja vu*. During the second half of the 19th century, the issue between the Russians and the rest of Europe was always the Ottoman inheritance and the question of to whose sphere of influence the lands along the Vistula and the lower Danube would belong. This is why the Crimean War was fought, and all the Balkan wars leading up to the great war were variations on this theme. The fact that the First World War was touched off in Sarajevo linked the power struggles of the 19th century with the crises and catastrophes of the 20th century.

The USSR is coming to terms with its losses in Germany, especially since it is receiving more than a consolation prize. In contrast, the three strategic countries between the Soviet border and the West are in a state of suspense. Recently, the Central Committee of the CPSU adopted a memorandum that describes a holding position. The fact that this memorandum was published in a not so hidden place is an indication of its objective: to appease the conservatives in their own ranks, to show the East Europeans their limits, and to warn the West. What is at stake here is a policy of balance through economic means: "Under no circumstances can there be a real or potential threat to the military security of the USSR emanating from the East European region. No matter how events in the countries of the region unfold, they must remain free of foreign military bases and armed forces."

Following the inglorious end of the Warsaw Pact, the USSR is seeking bilateral security treaties with its ex-partners. The latter, however, appear to be adverse to the idea. If it were up to them, the United States would offer them security guarantees, and NATO would offer them assistance. However, neither of these things is possible in the real world, neither today nor tomorrow. In the setting of the two-plus-four negotiations, there was something like a tacit agreement that the Soviet withdrawals would not be accompanied by NATO advances. Proof of this can be found through careful study of the two-plus-four treaty and of the speech by negotiator Kvitsinskiy at the beginning of the ratification debate in the Soviet parliament.

The Central Committee is now letting it be known that the USSR intends to ensure "solid and durable positions." The desire of the East Europeans to return to Europe as quickly as possible runs counter to a series of "objective limitations," according to the message from Moscow. They do not want any "witch-hunt" against old friends, they see open financial claims, and they fear territorial claims. The weakness of the East European states, however, lies in their geostrategic location, in the burdens of history, and in their economic misery. The Russians know this too. The Central Committee addressed the critical situation with the coldness of a tax audit: "The development of the Western market is hindered by the underdeveloped infrastructure, technological backwardness, uncompetitive production, and the high level of foreign debt of the East European countries. They can scarcely count on foreign capital investments in the foreseeable future."

However, the weakness of Eastern Europe is the strength of the USSR. Since 1 January 1991, transactions between the old CEMA partners of eastern central Europe and the USSR are no longer performed through simple exchanges and cleared with soft transfer rubles, which over the course of many years have cost the USSR an estimated \$5 to \$6 billion in subsidized oil and natural gas; instead, payments must be made in hard currency. Both sides wanted it this way.

But the result of this is doubly ominous for the East Europeans. On the one hand, the Soviet markets have largely been lost; declines posted in the first quarter of 1991 have amounted to as much as 90 percent, and massive layoffs are on the horizon. On the other hand, the cost of oil and natural gas has multiplied. The East Europeans are feeling economically weak and politically vulnerable. In this situation, the USSR has let it be known that those states that abstain from a further rapprochement with the West and adopt an attentive and respectful attitude towards the security interests of the USSR will once again encounter friendly—meaning soft—trading conditions in the future. Between 70 and 80 percent of the petroleum and 95 percent of the natural gas comes from the East. The Central Committee: "The question of energy exports to Eastern Europe must be regarded as a very important instrument in our overall strategy in this region." Moscow too has not failed to notice that the relationship toward Germany is ambivalent and that the West is very interested in saving the region from chaos.

The USSR wants to move away from mere crisis management back to an East European concept. What the Soviets are seeking today is not simply a new balance west of its border; it is also a sphere of influence. The East Europeans want out of that sphere. But the Kremlin has the means at its disposal for getting its arguments across. More agreeable living conditions are not the only issue on the Vistula, the Moldau, and the Danube. Also at stake is the question of whether the defining momentum of the 1989-90 revolution will lead to a

European order or to another wrestling match over who controls the countries along the Vistula, the Moldau, and the Danube.

In any event, the eastern part of Europe will be the West—or there will be no stability in Europe. Western Europe in integration, Eastern Europe in disintegration, the USSR between a heavy hand and a new shape: If nothing happens, these historical lines of development will clearly collide. The countries of Eastern Europe are too much the victims of their past to master their fate on their own. The West Europeans must understand that their own fate is also at stake there.

Bulgarian Perspectives on Macedonia

VMRO-DPMNE Congress

91BA0696A Sofia ZORA in Bulgarian 16 Apr 91 p 3

[Report by OTECHESTVEN VESTNIK correspondent Velizar Enchev, special to ZORA from Belgrade: "The International Macedonian Revolutionary Organization Prilep Congress—Between Realities and Illusions"]

[Text] The congress of the VMRO-DPMNE [International Macedonian Revolutionary Organization-Democratic Party for Macedonian National Unity] was held in Prilep on 6 and 7 April. A central committee of 65 members was elected by secret ballot. Lyubcho Georgievski was elected party chairman, with 222 out of 230 votes. Immediately after the closing of the congress, a meeting of the Central Committee was held. It named Boris Zmeykovski general secretary, and Dimitur Tsrn-omarov, chairman of the VMRO section in Bitolya, and Dosta Dimovska, deputy in the Macedonian Parliament, deputy chairman. Lyubcho Georgievski, the VMRO chairman, will "keep on hold" his party function for as long as he remains vice president of Macedonia.

The congress passed a resolution in which the following are emphasized:

- The VMRO will struggle for an independent Macedonian state that will embody the ideals of the Kresna Uprising, the Krushevo Manifesto, and the ideas of Gotse Delchev and Metodi Andonov-Chento.
- The VMRO will insist that the defense, security, and protection of the borders of the Macedonian state be ensured by the Macedonian Army as a transitional stage leading to the total demilitarization of the Macedonian national space.
- The withdrawal of the Yugoslav People's Army from Macedonian territory is an inevitable step that should be supervised by the United Nations and the European Council.
- The VMRO will aspire to implement its idea of an independent economic policy, a modern tax and customs system, and independent economic relations with foreign countries. The monetary unit of the Macedonian state will be the stater.

- The Macedonian people have the unlimited right to handle all national resources and wealth of the Macedonian state.

This is a purely protocol information that, however, has its own backyard. In that backyard, matters are not at all clear. The first unpleasant news is that a delegation of the separatist Ilinden organization, consisting of the notorious Yordan Konstantinov, Yordan Derbatov, and Georgi Kurpachev, was a guest of the congress in Prilep. It gave a two-hour press conference in which it directed most severe attacks against Bulgaria in the presence of senior representatives of the VMRO. One of the absurdities of the claims was that the "Macedonian literary language" is becoming increasingly widespread in Pirin Macedonia. In his congress statement, Yordan Derbatov criticized the authors of the resolution for not having included a special text condemning "Bulgarian chauvinism and supremacy." His words were accompanied by applause, but the delegates did not adopt his suggestion. Furthermore, many of them thought that the performance given by Ilinden in Prilep may be accidental, but the VMRO leadership amended the resolution and, thus, Derbatov's idea was accepted. This was accomplished one day after the end of the congress, which raised quite a few questions concerning the legitimacy of the amendment. The amendment to the resolution reads that, "throughout the entire past history of the Macedonian people, the greatest harm was caused by the actions of Bulgarian supremacists, as in the case of all similar forces in the pay [of other countries] in the Balkans (Serbian, Greek, and others). The VMRO reacts and will continue to react to all provocations of Bulgarian supremacy of the past, present, and future as to the greatest evil...."

For the time being, I shall not comment on the anti-Bulgarian accent in the work of the congress, not because of lack of arguments but precisely because all historical arguments are on our side. Furthermore, this is not a time for mutually debilitating polemics from which everyone loses.

Other interesting events, as well, occurred at the congress. Dragan Bogdanovski, the spiritual leader of the VMRO, who spent 12 years in Yugoslav jails, acknowledged for the first time that he is the "father of the party" and that there are strong ties between him and Lyubcho Georgievski. "I am convinced," he said, "that there is no future for Macedonia in any kind of Yugoslavia, and that Macedonia will have no future until this artificial creation has broken up. In today's Yugoslavia, we have the status of a colony. I see the salvation of Macedonia in its separating from Yugoslavia and joining the European Community. If a country like Luxembourg, with its population of 300,000, can enjoy the highest standard of living in Europe, why should not Macedonia also follow in its path, the more so since we have richer soil, more ground resources, and a better climate?"

Delegate Tode Petrevski took the floor and said that irrefutable facts confirm the participation of Macedonian President Kiro Gligorov in the mass shooting of

dissidents in 1945. This electrified the hall, which began to chant "resign," "trial," "we demand the truth." On the following day, Kiro Gligorov categorically refuted this claim, and the VMRO stated that it supports the president and distances itself from Petrevski's statement.

The resignations of the directors of the newspaper NOVA MAKEDONIYA and Skopje Radio and Television were officially demanded at the congress. Actually, during that week, NOVA MAKEDONIYA was the arena of a sharp debate between its general director, Pande Kolimishevski, and Vice President Lyubcho Georgievski. In the interest of the truth, we must admit that one of the accusations voiced by Georgievski against Kolimishevski proved to be groundless—that he was a creation of Lazar Kolishevski. It was established that Kolimishevski was the only director of a newspaper in Yugoslavia elected by the entire collective of journalists rather than appointed by superiors.

Actually, the debate is continuing, and its outcome is rather unclear. On one point, however, both Georgievski and Kolimishevski should be united, assisted by Vuk Drashkovich, the Serbian opposition leader: On 10 April, he stated to Yugoslav and foreign journalists that one of the means of resolving the Yugoslav crisis is the establishment of new autonomous areas. One such area should be Western Macedonia, where the population is mostly Albanian. If this Serbian idea does not meet with the joint rebuff of all political forces in the Republic, Macedonia, as well, will have its own Kosovo....

Let us conclude with a question addressed to the Bulgarian institutions whose job it is to control the observance of the law: How is it possible for representatives of a banned organization to openly engage in anti-Bulgarian activities abroad without fearing any sanctions whatever back in their own country?

Ilinden's Demands

91BA0696B Sofia DUMA in Bulgarian 25 Apr 91 p 2

[Report by Ivan Ilkov: "Ilinden Demands the Liquidation of the Nevrokop Parish and the Disbanding of the Parties in the Pirin Area"]

[Text] Blagoevgrad—A declaration by the Ilinden OMO [United Macedonian Organization], addressed to the president of the Bulgarian Republic and the Grand National Assembly, was found in a Customs check of the Stanke Lisichkov GKPP [Municipal Public Service Production Enterprise] in the possession of Yugoslav citizens Tsvetan Yuvchevski, a deputy in the Macedonian Parliament, and Eftim Takovski, a journalist with the newspaper VECHER, both members of the VMRO-DPMNE [International Macedonian Revolutionary Organization-Democratic Party for Macedonian National Unity].

The declaration contains 16 demands. Some of them call for introducing the Macedonian language, history, and culture in all educational institutions in Pirin Macedonia; the right to radio and television broadcasts and publication of a newspaper in the Macedonian language in Blagoevgrad; and broadcasting Macedonian-language programs on Radio Sofia.

It is demanded that the Nevrokop Parish be united with the Macedonian Orthodox Autocephalic Church in Ohrid, and that a Macedonian to be the bishop of Pirin Macedonia, independent of the Bulgarian Church.

The declaration includes the demand that all Bulgarian political parties and organizations in the territory of Pirin Macedonia be disbanded and renamed in the Macedonian language; that Pirin Macedonia be granted full cultural, economic, and political status; and that Bulgarian occupation troops withdraw from that part of the country.

At the same border point, seven videocassettes, providing one-sided coverage of the congress for propaganda purposes in Yugoslavia and elsewhere, were confiscated.

Deputy Minister Todorova on Reforms

91BA0649A Sofia DEMOKRATSIYA in Bulgarian
27 Apr 91 pp 1, 6

[Interview with Mariana Todorova, deputy minister of foreign economic relations and chairman of the Joint Committee for Foreign Debt Management, by Chaika Khristova; place and date not given: "The Paris Club Gives Us a 'Gulp of Air' Because It Believes the Bulgarian Reform"—first three paragraphs are DEMOKRATSIYA introduction]

[Text] On 17 April, the Paris Club examined Bulgaria's request for an extension on its foreign debt. An agreement was signed for a period of 10 years. This concerns approximately \$1.5 billion of Bulgaria's obligations.

On 25 April, news was also spread of the beginning of talks with the London Club, whose participants include private bankers and creditors to whom Bulgaria owes \$8.5 billion.

The Paris Club institutionalizes the relations between the debtor countries and their official creditors. Its inception was set in Paris during 1956, when the first agreement was signed between Argentina and its governmental creditors. The Ministry of Finance in France undertook to mediate the talks. With the development of the problem of foreign debt in the developing countries during the 1970's and 1980's, meetings between the debtors and creditors began to be conducted on a regular basis. The Paris Club meets six to eight times a year, depending on the requests received from the debtor countries. This indicates that the members of the club from the creditors' country are not one and the same.

[Khristova] What is the significance of the agreement reached with the Paris Club?

[Todorova] Our creditors were convinced that the current Bulgarian Government is prepared to implement its program for a transition to a market economy. They believe that financial support from abroad (the concessions on debt, for example) will aid the quick structural changes in our economy, especially privatization. They feel that we are in need of this "gulp of air," and they are able to give it to us.

[Khristova] On what principles is this agreement based?

[Todorova] A condition to begin the procedure of preparing the agreement is a unilateral cessation of the debt payments, or a real impossibility that they be paid. Evidence of this is the deficit of the payment balance, which must be met by deferment of the payments or by some foreign financing.

[Khristova] Or be canceled, as Poland's debt.

[Todorova] No. The Paris Club, in principle, does not cancel debts. It only extends them. The case with Poland

should not be examined as a precedent. That is a political decision that the creditors will hardly repeat.

[Khristova] Perhaps not only because they are "reaching into pocket," but also because they feel that an extension, in contrast to a cancellation, stimulates development of the economy.

[Todorova] Exactly. In this sense, the second condition for extension of the debts is the presence of an economic program, which should be supported by the IMF. That is a guarantee that changes in the economy are actually taking place and that a policy is present that is aimed at overcoming the difficulties that led to bankruptcy.

The third principle relates to equitable distribution. It requires the debtor to defer his debts to all creditors under comparable terms according to the period of time and the amount of the debt.

The fourth principle presupposes an agreement on the extension of the debt by a consensus of the creditors. Therefore, sometimes the talks are long and difficult—the interests of the different parties, the different sizes of obligations, must be "reduced to a common denominator."

[Khristova] Who or what convinced the creditors that Bulgaria has real grounds for becoming a debtor, whose future solvency is reliable?

[Todorova] Representatives from the IMF, the World Bank, the UN Conference on Trade and Development, the Organization of Economic Cooperation and Development, and the European Commission also attend the meeting of the Paris Club. Their contributions revealed various aspects of the economic program that Bulgaria is implementing, as well as its foreign financing. In the process of the talks, the representatives of the creditor governments changed their original position to finally reach an agreement so favorable for Bulgaria.

[Khristova] The moratorium last year on our payments completely isolates us from the world, and our commercial ties to the world were broken. Does the signed agreement raise this "iron curtain"?

[Todorova] The agreement should be viewed mainly from this aspect—it unfreezes new financing from official sources for Bulgaria. Besides that, during the talks with the Paris Club, there was one very important moment. The government of the debtor country accepted the obligation to service all credits normally that are granted from a date determined further on.

[Khristova] What amount of the nearly \$12 billion in foreign debt does this agreement concern?

[Todorova] The concrete amounts will be specified with bilateral agreements with our creditors. I have said that, at present, I do not know the exact amount because our debt is reported purely by bookkeeping.

[Khristova] In what time frame?

[Todorova] Our desire is that this summer the information on the debt be presented to the World Bank, and that this would form the basis for concluding bilateral agreements with our official creditors and the commercial banks in the London Club.

[Khristova] Would parliamentary elections be an obstacle in accomplishing the reform?

[Todorova] If we conduct them in a civilized manner and give the government the opportunity to continue its work, there will be no problems. The support the reform has received until now from the nation proves that other solutions are not being sought to emerge from the crisis, and for a transformation of our economy to a market principle.

Agricultural Restitution Law Reviewed*91CH0644B Prague HOSPODARSKE NOVINY
in Czech 23 May 91 p 2*

[Article by Josef Prouza: "Agricultural Restitution"]

[Text] When the law on modifying ownership relations with respect to land was passed on Tuesday, all those who had worked on its final language for long months breathed a sigh of relief. The most complicated law of the new era of the Federal Assembly gradually abandoned the transformational paragraphs upon which the political parties, movements, or even the delegates themselves were unable to agree. What remained was the restitution law, proceeding along the lines of logic prescribed by previous legal standards.

Three and a half million original landowners have the opportunity to initiate restitution proceedings which will be lucidly simple only in isolated cases. The law pertains to agricultural land funds, to dwelling and economic buildings and other buildings connected with the original agricultural settlement, buildings serving agricultural and forestry production, including those serving water management purposes, as well as livestock and plant and equipment inventory.

The circle of eligible individuals is wide; as was the case in previous restitution legal standards, entitlements apply only to citizens of the CSFR with a permanent residence in our territory. Also, the number of persons who are liable is substantial; only enterprises with foreign property participation and commercial companies composed exclusively of physical entities are exempt. The conditions under which real estate changed ownership are precisely defined (forfeiture of property, taking of property without payment of compensation, etc.). Real estate will be handed over by the state, by agricultural cooperatives, but also by communities as well as by those who acquired ownership or use rights in violation of valid regulations which existed at the time or on the basis of illegal preferential treatment.

Claims must be asserted with the land office and, at the same time, the liable person must be called upon to hand over the real estate in question. Within 60 days, both parties shall conclude an agreement which must be approved by the land office. The decision may be reviewed by a court. Applicants need not fear administrative or court fees—they are exempt from having to pay them. Also, the costs of appraising items, the identification of land parcels, and the surveying of land parcels are paid for by the state. Land parcels with the right of personal use, cemeteries, built-up land (settlements), are not eligible for being handed over and not even operators of victory gardens or owners of weekend houses or sports organizations need be concerned. The paragraph which, to a certain extent, protects land parcels set aside for defense of the state, for the extraction of minerals, or those which are in current national parks and reservations is formulated somewhat loosely. Here, all depends on the will of the entitled individual.

Another paragraph blocks the handing over of national cultural memorials. In such cases, entitled individuals are entitled to compensation which again assigns preference to the natural form of restitution over financial compensation. Many opportunities offer themselves with respect to compensation for permanent plantations (for example, apple orchards).

The old/new owners of land parcels, buildings, etc., will become renters; some of them will, however, be required to conclude agreements regarding rental or use of the property. This will result in affording protection for a period of 10 years to diplomats, health facilities, schools, cultural and physical training facilities, and invalids. To the extent to which you are living in a residential building belonging to an agricultural settlement, you may, upon the proposal of the owner, be evicted. It is sufficient to demonstrate that your apartment is needed to house the owner and other close relatives (to engage in agricultural production).

The approved legal standard also keeps in mind the property of churches, which is blocked until such times as a special law is adopted. Restitution also does not apply to cases in which real estate was acquired during the period of national captivity (occupation) by individuals who were considered by the state to be untrustworthy (confidential agents of the Gestapo, etc.) or as a result of racial persecution (for example, the anti-Jewish laws during the time of the Slovak State). Also of importance is the paragraph which makes it impossible to transfer the property of agricultural cooperatives until such times as the transformation law is adopted for the area of agriculture.

Law To Implement Banking Competition in 1992*91CH0644C Prague HOSPODARSKE NOVINY
in Czech 23 May 91 p 9*

[Article by Eng. Petr Vojtisek: "Competition in Commercial Banking"—first paragraph is HOSPODARSKE NOVINY introduction]

[Text] Law No. 158/1989 on the banks and savings institutions, together with Law No. 130/1989 on the Czechoslovak State Bank, provided the legal foundation for the coming into being of a two-stage banking system as of 1 January 1990. However, both laws are no longer consistent with the requirements of the present economic reform and do not correspond to laws on the banking systems in countries having a market economy. The partial amendment of Law No. 158/1989 was out of the question; the Czechoslovak State Bank therefore prepared a proposal of a new law which includes even those requirements stemming from the directives of the European Community for commercial banking (readers of HOSPODARSKE NOVINY were informed on the law on the Czechoslovak State Bank on 14 May).

The proposed new law on banks expresses the fundamental requirements pertaining to their activity which has a direct influence upon the attainment of goals and

tasks of the Czechoslovak State Bank such as the stability of the currency, efficiency and smoothness of money in circulation, and of payments contacts and the correct functioning of the banking system. Therefore, the activity of the banks must be realized on such principles which would inspire confidence in them on the part of the public and which would protect the interests of depositors.

It is the intention of the law to contribute to the creation of a demanding environment for authorizing the existence of and the activities of banks and, thus, also promoting a healthy banking and financial system. However, it is liberal in that it does not specify nor does it restrict the legal forms and types of banks and facilitates the influx of foreign capital into the banking system. The utilization of all of these opportunities should contribute to creating the necessary competition in commercial banking and lead to a healthy functioning of this sector.

Banks may have the legal form of a joint stock company or another commercial company or cooperative, as identified in the commercial code under preparation, and may also take the form of state monetary institutions. The law anticipates the continued existence of state monetary institutions, as well as their privatization; it does not, however, consider the establishment of additional state monetary institutions.

The law facilitates the entry of foreign capital and foreign banks in our market in the form of joint ventures as well as in the form of daughter companies of foreign banks, fully owned by foreign companies. It also makes it possible for branches and agencies of foreign banks and financial institutions to become banks, after obtaining approval, and makes it possible for them to engage in banking activities in the CSFR.

In contrast to the existing law, the anticipated law newly defines a bank as an institution which accepts deposits and makes loans or invests in securities. The definition of the bank in the law is based on the definition provided by the European Community and, in addition to an authorization to make loans, is in harmony with the recommendations from the IMF that investment in securities also be considered yet another form of banking activity. Both of these activities are reserved for banks; the banks are subject to provisions of this law, to security and other regulations to which the banks must adhere because they are operating with the moneys deposited by depositors, whose interests are thus protected. Our general banks and savings institutions are banks in terms of this definition and companies investing in securities (and not making loans) are also considered to be such banks to the extent to which they will be receiving deposits from the public resulting in bank-type obligations.

However, companies investing in securities who will be acquiring their resources through the sale of property shares, etc., will not be banks because there is no direct obligation here on the part of this institution and its

resources are not "loaned out." Similarly, commercial companies making loans from their own resources are not banks, neither are companies making consumer loans without taking in deposits. In none of these cases is there any reason to afford "hard" protection of the interests of depositors, as is stipulated by this law.

The execution of the above functions requires permission to act as a bank. With this permission, the bank may engage in additional banking activities listed in its statutes, apart from the above-mentioned two activities which, together with the approval, "make it into a bank." Permission to act like a bank will be granted and rescinded by the Czechoslovak State Bank, in collaboration with the Ministry of Finance.

Banks in all countries of the world are subjected to oversight. In terms of institutional status, three basic variations are recognized (within the framework of the central bank, within the framework of an independent institution, and within the framework of the Ministry of Finance).

The fundamental task of banking oversight is to care for the banking sector from the standpoint of its secure and balanced development, of limiting the risks connected with the execution of banking activities in the interest of protecting the interests of depositors, and strengthening the confidence of society with respect to the banking sector, which is an important factor in monetary stability. Care for the stability of the currency is the principal task of the central bank which sets currency policy and, in its relationship with the banking sector, acts as a "bank of the banks" and as a creditor of the last instance if the liquidity of a bank is threatened. Thus, it appears to be logical and also the most frequently seen factor throughout the world that banking oversight is a component of the organizational structure of the central bank. For example, this is the case in Great Britain, the Netherlands, Italy, Ireland, Portugal, Greece, Australia, and New Zealand.

In a number of countries, independent banking oversight institutions are a tradition, but, in a majority of cases, they are interconnected organizationally and functionally with the central banks of their countries. Countries in this group include the United States, Germany, France, Belgium, Canada, Norway, Sweden, and Switzerland.

A third alternative, in which the banking oversight function is placed within the responsibilities of the Ministry of Finance is only fully effective in Austria, considering all the known examples of this; the sharing of authority with the central bank is asserted in Spain and in Japan.

In the CSFR, the banking sector is beginning to form relatively rapidly and within the framework of the Czechoslovak State Bank, with the assistance of the IMF, the World Bank, and by utilizing the experiences of other central banks, intensive preparation for the time being is being focused on the narrow circle of specialists capable

of fulfilling the tasks of banking supervision in market economies; for the time being, there are no external auditors and other specialists, for example, accounting specialists, available to the banking sector. In this situation, it is not rational to fragment the limited "capacity" of banking oversight. Therefore, the law stipulates that banking oversight shall be implemented by the Czechoslovak State Bank.

The law further states the principles for managing banks, operational requirements, prohibited activities, principles for conducting banking business with individuals who have a special relationship with the bank, as well as the principles of accounting and control, and requires the publication of annual balance sheets and reports of independent auditors pertaining to these balance sheets; in the overwhelming majority of cases, these are new provisions. Of special importance are the requirements regarding the appropriateness of the assets of the bank and its capital (capitalization), the diversification of loans, and the koruna and foreign exchange liquidity which, in their totality, form the rules for safe operations (prudential principles), as conceived through the use of recommendations by the IMF and the directives of the EC.

In the event the stipulated rules are not adhered to, the bank will demand measures to rectify or may assert legally stipulated recourses. Just like in other countries having a nonstate banking sector, the law stipulates procedures to be invoked in the event a bank is threatened; the institution of enforced trusteeship is introduced.

In view of the privatization of banks, it was necessary to modify the provision on the state guarantee of deposits in such a manner that the state would provide deposit guarantees and would guarantee the payment of interest in the event the state held a majority share in the basic capital of the bank.

The law handles the question of the anonymity of deposits differently. In addition to retaining the current legal framework, the proposed law includes a provision according to which services may be denied a client who insists on anonymity in the interest of a more effective procedure to counter the "laundering of dirty money." However, the worldwide trend clearly is aimed at rescinding anonymity.

This proposed law was discussed in consultation with the leadership of the Czechoslovak State Bank and was disseminated for industrywide comments. Despite the fact that it was designed in harmony with the legislative standards existing in countries having a mature banking system, it will continue to be the subject of consultations involving representatives of the IMF and the World Bank.

Great Future in South Africa Trade Seen

91CH0644D Prague HOSPODARSKE NOVINY
in Czech 27 May 91 p 7

[Article by Zdenek Kubes: "Great Business Opportunities"]

[Text] Following his return from a recent visit to the Republic of South Africa, Eng. Jiri Kunert, president of the Zivnostenska Banka, stated that the bank is attempting to diversify its business transactions and risks as well as its territorial goals. Whereas, hitherto, the bank was focusing on Europe, North America, and the Far East, it has been seeking additional opportunities recently, among which South Africa occupies an important position.

"Even those among our clients who are mainly concerned with imports or exports of minerals and raw materials are urgently seeking new territories because the Soviet Union is unable to organizationally or technically assure the delivery of certain minerals and raw materials. A logical starting point is South Africa which is able to deliver the necessary raw materials to Czechoslovakia and, I believe, that they are of far better quality, with pricing conditions at a comparable level if not better with respect to some cases."

In his conversation with HOSPODARSKE NOVINY, Eng. Jiri Kunert further stated:

"The principal reason why Zivnostenska Banka traveled to South Africa, however, was because that country could become an outlet for Czechoslovak products. We are convinced that business between both of our countries will be developing and that it will be precisely up to the banks how to facilitate it or to broker it.

"We are, of course, also seeking opportunities for the expansion of contacts with banks—and the banks of South Africa are considered to be very strong and reliable; they are at an outstanding technical and specialized level. I would say that South Africa has the best computerized banking system in the world."

Eng. Jiri Kunert noted that the view of South Africa in Czechoslovakia is distorted. "If we wish to do business with South Africa, we must correct some of our views of that country."

With respect to the question on the most promising areas of economic contacts, he stated that this was primarily the area of raw materials resources for Czechoslovakia. "The area is very extensive because the Republic of South Africa has virtually all basic raw materials, particularly nonferrous metals, which Czechoslovakia requires. Additional possibilities involve raw materials for the foodstuffs industry, which can be imported from South Africa, but there are even some products of the processing industry which will most certainly assert themselves in our market—for example, textile products, some types of electric appliances, etc. Although textile

products from the Far East are somewhat cheaper, I am convinced that South African quality is much higher."

"There is also a great opportunity here to export products to South Africa, at two levels," Eng. Jiri Kunert continued. "The first is very interesting because it involves a kind of mental export—clever and capable people who know a few things. South Africa is interested in specialists in the chemical and mining industry—in other words, in branches where we have very capable people. Also, geologists who perhaps cannot find application for their skills in Czechoslovakia are in need in South Africa. Certainly, they could work there under contract and help South Africa solve her problems; on the other hand, they could further help to strengthen the good reputation which Czechoslovakia enjoys there. Naturally, the influx of hard currency resources from these specialists back to Czechoslovakia is also not negligible."

Eng. Kunert further stated: "In South Africa, it is possible to assert even products which Czechoslovakia has hitherto been exporting to territories which were willing to accept them, but were unable to pay for them—some developing countries. Of course, South Africa cannot be considered as being a developing country. It is a country which has a developed infrastructure and in which the services required to conclude any good business transaction are functioning securely. The reliability of enterprises and banks in South Africa provides a guarantee that business transactions will be conducted in good order and that our exporter will get paid. In other words, it is a country which can accept our products, even though they are technically not the most modern, but, on the other hand, it is a country which is capable of standing behind its obligations and of trading with Czechoslovakia as an equal. Machine tools, which have been exported to South Africa in previous years, but, which unfortunately had to travel via various detours, may now be delivered directly. Furthermore, exports will include small agricultural machinery, irrigation equipment, some types of mining equipment, there would even be small breweries in which there is growing interest there, as well as our small aircraft. What is involved now is to map the terrain."

As far as the possible contribution of the Republic of South Africa to solving our economic problems is concerned, Eng. Jiri Kunert judges that the Republic of South Africa "naturally cannot solve our problems to some kind of mammoth extent. I do believe, however, that collaboration would aid in solving at least some of Czechoslovakia's fundamental problems. This is a territory where we shall find that which we need and where our products would find an outlet. It is only important to have a proper view of South Africa—to see it truly as a dynamically developing country."

Price Control Regulations Further Modified

91CH0644E Prague HOSPODARSKE NOVINY
in Czech 27 May 91 p 8

[Article by JF: "Limiting the Extent of Price Regulation—Changes Become Effective 1 June"]

[Text] The development of price levels in the consumer market did not vary expressly from the anticipations connected with the assertion of price liberalization following 1 January 1991. After a steep increase in prices in January, which was felt particularly in the foodstuffs market, an express decline in the pace of price increases followed in future months and in some cases prices even dropped. A considerable share in this development is attributable to the regulation of prices pertaining to selected groups of goods, the extent of which was relatively broad after the initial period of the anticipated inflationary impact.

The results of the past four months have made it possible to initiate the first revision of the system of price regulation for goods and services. Where prices have already found their balanced levels, it is possible to restrict the regulating role of the state and to leave regulation completely in the hands of market conditions. For this purpose, the Federal Ministry of Finance and the finance ministries of the republics have issued Decree No. 08/91 which reduces the extent of regulation as follows, effective 1 June:

First of all, the officially stipulated maximum prices for late consumer potatoes from the 1990 harvest are rescinded, as are these prices for pork, milk, and eggs sold to final consumers. With respect to these foodstuffs (apart from potatoes and eggs), however, a more relaxed method of regulation is retained (substantive price regulation), which consists of limiting the permissible price level on the basis of economically justified costs and an appropriate profit. This mostly involves components for which the balancing of the market on the basis of balanced agreed-upon prices has already occurred and areas in which more express price increases are not anticipated. With respect to some types of items, for example, eggs, the seasonal increase in availability will also play a positive role.

Similarly, the regulation of the maximum level of commercial surcharges involved in the sale of laundry and hygienic requisites and natural mineral waters is discontinued (specific price regulation applicable to these surcharges will be asserted only for cotton and bandage requisites and mineral waters). The regulation of prices in domestic trade was introduced for selected components in the knowledge that it was temporary in nature and that it was intended to act as an exemplary method for bringing the exaggerated notions of state and cooperative commerce enterprises regarding the extent of commercial margins on a "world scale" to the correct level, although their services and offering of goods were not characterized by the same quality level. Regulation contributed to a more specific identification of the level

of the so-called customary price for commercial output, which will be taken into account even by control organs in cases where a businessman might abuse his advantaged economic standing to exact inappropriately high prices.

The relaxation of existing price regulations through the form of substantive price regulation will particularly impact on selected chemical products (raw salt, inorganic products and products of organic chemistry, pure chemicals, plastics) and hides. Temporarily regulated prices, asserted with respect to monopoly and dominant enterprises with the goal of retarding and spreading out over time the initial decisive inflationary impact, shall also no longer apply to a number of chemical products, kaolins, fired masonry materials and roofing materials, flat glass, construction glass, and packaging glass, food-stuffs products, orthopedic and prosthetic products, eyeglasses, and natural mineral waters. With respect to all of

these commodities, the limitation of demand is functioning with adequate strength and, in a number of cases, there is important import competition. Indirect regulatory function is also exerted by the generally valid prohibition to misuse an exclusive economic standing to acquire inappropriate property benefits by selling at inappropriately high prices (Section 2, Paragraph 3, of the Law on Prices) and prosecutions for violating the law on the protection of economic competition.

The measures asserted to limit price regulation are the result of the progressing stabilization of the Czechoslovak market, as well as the overall price level and are expression of justified confidence in the strength of the market. However, they presuppose rational conduct on the part of all partners in the market relationship. If, in the future, economically harmful efforts to accomplish illegal collusion regarding sales prices with the goal of ratcheting prices up to inappropriate levels (cartel-type conduct) occur, the ministries of finance will not hesitate to expand price regulation to the extent necessary.

Csongrad Authorities Plan Joint Lithuanian Ties
*LD1906020691 Budapest MTI in English 1812 GMT
18 Jun 91*

[Text] Budapest, 18 June (MTI)—“We are particularly happy to be in Hungary at a time when the Soviet soldiers have just left your country,” Alfonsas Vaisnorkas, co-president of the Lithuanian Sajudis, told a press conference in Szeged, the county town of Csongrad County, on Tuesday. The head of the Lithuanian parliamentary delegation visiting Szeged this week on the occasion of the Lithuanian-Hungarian Friendship Days, expressed his hope that cooperation would be easier and relations stronger with the independent Hungary. The guests pointed out to journalists that their talks with representatives from the local county council, the chambers of agriculture and commerce, as well as a number of companies can be regarded as the first step towards cooperation. Several entrepreneurs from Csongrad County have made contact with Lithuanian partners, and an organization will be set up shortly to coordinate these relations.

Delegation of Vojvodina Hungarians Visits Budapest

*AU2006133091 Budapest MAGYAR HIRLAP
in Hungarian 19 Jun 91 p 3*

[MTI report: “Delegation of Vojvodina Hungarians in Budapest”]

[Text] A delegation of the VMDK [Democratic Union of Vojvodina Hungarians] is currently visiting Hungary. On Tuesday [18 June], the VMDK delegation met with members of the Hungarian Parliament's Human Rights, Minorities, and Religious Affairs Committee, as well as with members of the parliament's Foreign Affairs Committee. The delegation had come to Hungary at the invitation of the Human Rights Committee. During Tuesday's talks, the guests from Vojvodina gave a detailed account of the current situation in the SFRY, and they spoke about events in the individual republics, including the province of Vojvodina. It was repeatedly stated that Vojvodina Hungarians hoped that at the end of June, when Croatia and Slavonia decided on their affiliation, the current tense situation would be resolved. Speaking about the Hungarian minority in Vojvodina, the members of the delegation said that their main aim was to have proportional representation in information, education, and culture. The members of the delegation believed that the presence of national minority representatives in local governments was equally important.

Constituent Assembly's Draft, Proceedings Scored

Limits on Local Government

*91BA0653A Bucharest ROMANIAI MAGYAR SZO
in Hungarian 3 May 91 pp 1, 3*

[Article by Katalin Beres: “Local Government, Immediately With Limitation of Rights”]

[Text] Even this chronicler is embarrassed to have to report the same painful phenomenon a second time within barely a week, namely the mass absenteeism that effectively paralyzes some phases of the proceedings. But in the meantime we have “advanced” to where some members of the Constituent Assembly are resorting to a more sophisticated form of absenteeism, as the chairman of the National Assembly himself noted: they register as being present, and then disappear. Which is a twofold fraud: they not only collect their per diem allowance for their attendance, but also confuse the vote count with false statistics.

That is what happened at the Constituent Assembly's first sitting this week (on Tuesday). There was barely a quorum when the four main points of the section on the government came to a vote; and that was especially true later when the next section, on local governments, was being considered. The ideas contained in the seven main points of that section are of particular importance from the viewpoint of creating a rule-of-law state. Since the wording and nature of these main points left much to be desired in terms of democratic procedures, and sorely needed to be amended, those who were present were able to learn a lot from the general exposition and the introduced amendments as well. The more so because numerous questions pertaining to local government are raised here, questions that the deputies and senators will have to confront daily in their constituencies.

Anyone who attended the sitting could convince himself once again that the amendments introduced by the RMDSZ [Democratic Association of Hungarians in Romania] are to-the-point, original and helpful, employing a European approach to the main points; and that the RMDSZ's motions to amend or to reject clearly serve the general process of democratization. That is quite natural; after all, we have perhaps the most interest in the creation of a rule-of-law state. In its structure and message, the speech by Deputy Attila Varga or the one by Senator Gabor Kozsokar could serve as models of shedding light on a main point. They each discussed the questions in their integral unity with European democratic practice, with the domestic social processes and minority rights (the right of members of ethnic minorities to use their native language in public administration), together with proposed solutions, thereby offering a concise yet convincing synthesis.

In the debate on the functions of local government, Deputy Attila Varga, a young lawyer, started out from the worldwide phenomenon that homo politicus, the type of person who is active within his immediate environment and wants to participate in making local decisions, is becoming more and more common. On the political level this provides an opportunity for the realization of local self-government, which is of particular importance in a country just freed from the grip of a dictatorship under which impersonal power ruled. In view of this specific situation, argued the deputy, it is extremely important that correctly formulated norms be included in the Constitution to meaningfully assert local

independence. Moreover, autonomous public administration is one of the fundamental principles of democracy, its best gauge and a sensitive indicator of a rule-of-law state. And, no less importantly, a verifiably functioning system of self-government will enable us to adapt in this respect to the European structure; which will manifest itself in that self-government will also enter the country's economic, social and political bloodstream, instead of being realized just at the level of certain institutions. With obsolete or limited self-government, it is not possible to close ranks with Europe. Also for this reason, the deputy recommends replacing the term "administrative units" with "local communities," because the latter approach centers on the individual, truly presupposes and asserts the link between the individual and his community, their mutual interdependence, and the success of their joint efforts for the harmonious development of the localities.

The section on local government, as Gabor Kozsokar pointed out, should have spelled out the abolition of centralized administration and the questions of local self-government. The more so because the basic requirement, in the 17th main point of the General Principles, has already been put to a vote and adopted. Regrettably, in the senator's opinion, the elaboration of this basic principle is unsuitable because it fails to ensure the local governments' independence of central power. At the level of the municipalities, cities and villages, it is still possible to speak of local independence because the draft states that public administration at this level is handled by the councils and mayors whom the voters elect by secret ballot in general elections. In metropolitan Bucharest and in the counties, however, the voters elect only the councils in general elections. But these bodies are not continually in session. They convene only from time to time, to analyze and to adopt resolutions on the matters that cropped up. Actual decisionmaking authority is vested in the prefect, whom the government appoints. That conflicts with the principles of local self-government and decentralization. Those principles would be realized only if the voters were to elect also the prefect in general elections. The fact that the prefect is in charge of the central agencies' local offices likewise conflicts with the principle of decentralization. Such local offices thus remain extensions of the central agencies instead of becoming decentralized local authorities. They are subordinate to the central agencies and follow the latter's instructions.

The draft of the principal points also vests the prefect with authority to suspend the local authorities' resolutions or measures. After arguing that such powers were antidemocratic, the two RMDSZ speakers proposed an amendment under which the prefect, as the government's representative, would oversee or monitor the local authorities' activity and could request the appropriate administrative agency or court to modify, or to declare null and void, any local ordinance that was in conflict with generally binding statutory regulations or with government resolutions.

Together with the RMDSZ, other opposition speakers likewise expressed the view that a local authority, including the prefect when acting within this scope of his authority, could meaningfully represent local interests only if they were elected locally. Otherwise the government, through the prefect whom it appoints, could act arbitrarily, could influence the development of the budget and the allocation of funds and grants, and could obstruct healthy competition between localities.

Anti-Hungarian Statements

91BA0653B Bucharest ROMANIAI MAGYAR SZO
in Hungarian 3 May 91 p 1

[Article by Gyozo Roman: "In the Constituent Assembly We Have Been Called Horthyists, Communists, Fascists, Irredentists, Separatists, and Chauvinist Aggressors"]

[Text] Deputy Dan Capatina (Romanian Unity Alliance) practically ran out of breath after calling the Hungarians Horthyists, communists, fascists, irredentists, separatists and chauvinist aggressors. He left out none of the essential adjectives. "Haughty" and "Romanianphobe" are perhaps the only two he might have added. Had he not run out of breath, he would certainly have remedied his omission. As it was, he had to relinquish the rostrum. True, only after even the members of the National Salvation Front started laughing. But I was saddened, because this happened specifically in the Constituent Assembly, during the general debate on the administration of justice. Naturally, after the honorable gentleman had been holding forth on the Horthyist and communist Hungarians' having been the cause of everything bad that befell Romania, including even State Security. This caused Gabor Kozsokar to indignantly remark that a closer check of the statistics on how many Romanians and Hungarians, respectively, had been working for State Security would surprise even members of the Romanian Unity Alliance.

The next speaker, Gyorgy Frunda, dwelt on the rights of the national minorities. He said, amidst a great uproar, that, according to Law No. 43/1848, which regulates the language of court proceedings in Transylvania, judges must understand the language in which the complaint is filed, and a member of any ethnic minority may present his defense in his native language. "I know that not every member of the parliament is able to accept this," he noted. The loud noise proved how right he was. Yet, specifically the dying down of such noise is typical of the democratic countries in Europe.

Chapter IV of the Constitution regulates the administration of justice. There was a sharp clash of views already at the beginning of the debate. Mihai Zaharis Ruva (National Liberal Party): "The administration of justice is power, a basic element of the state's continuity. Governments fall, parties disappear, yet the administration of justice remains. But the wording of the draft Constitution fails to observe the separation of legislative, judicial and executive powers." Ion Diaconescu

(National Peasant Christian Democratic Party): "The executive branch would like to control the administration of justice. That cannot be tolerated in a democratic system." Gabor Kozsokar (RMDSZ): "The judiciary must not be made subordinate to the government, not even to the Ministry of Justice." Ioan Les (National Salvation Front): "Judgments and sentences in Romania should be pronounced in the name of the law, rather than in the name of the people."

Early in the morning, incidentally, the representatives of the people were condescending towards the very same people or, to be more exact, towards the blue-collar workers. Some of the representatives had wanted to say a few words to commemorate the 1st of May, Labor Day, but they were allowed to do so only after the intermission. Victor Vacaru (National Salvation Front) said that he had opposed the motion because the speakers would have made commonplace remarks. The Social Democratic Party's deputies immediately protested that the parliament had slighted the blue-collar workers. Adrian Pitca, a member of the National Salvation Front with a Social Democratic streak in him, angrily shouted to his former comrades: "I demand that the parliament give the Romanian blue-collar workers the respect they deserve." Somebody quietly noted—if for no other reason, because seven million workers and the same number of votes were involved—that the election campaign had not yet started.

Budapest Mayor Demszky on Local Governments

*AU1906092191 Budapest MAGYAR HIRLAP
in Hungarian 17 Jun 91 p 7*

[Speech by Budapest Mayor Gabor Demszky delivered at a meeting of local government representatives in Budapest on 14 June: "We Waited and Hoped for Months"]

[Text] We have been waiting for months! We are waiting for broken promises to be realized, for actions, deeds, and laws.

We have to face our electorate daily, not only on television, but also on the street, in shops, during consulting hours, and even at our apartment door, at any point in time. Our citizens are burdened by a mountain of worries and problems, and they often expect us to provide solutions. We cannot say, "we apologize, but in the absence of legal conditions or laws, we cannot provide any cure to your worries, any solutions to your problems at this stage."

Nearly nine months have passed since 30 September 1990. After nine months, a woman can give birth to her child, but in our nascent democracy, nine months have not been enough to give birth to laws that are vitally important for our local governments.

The parliament only passed the bill on jurisdiction two weeks ago, and the law on our capital only saw the light of day two days ago; it was a difficult birth, and the law

caused a lot of disappointment. Where is the property law? What is happening to the settling of our property relations?

We waited and hoped for months. We quietly hoped that the promises evoked in the law on local governments would come true. We hoped that property relations would be settled, we hoped that funds would be put at the disposal of local governments so that they could fulfill their basic functions.

But what did we get?

The Constitution and the law on local governments provide us with rights and duties, but we lack the necessary conditions, not only for the fulfillment of tasks that we have undertaken voluntarily and which the population expects of us, but also for the fulfillment of compulsory tasks.

For months, we have only witnessed the birth of laws and bills that either cut into the existing property of our local governments or that try to restrict the amount of property defined in the law on local governments.

1. The amendment concerning the State Property Agency (Law No. LIII of 1990) deprived local governments of the property of nonpublic utility companies set up by our councils, handing this property over to the State Property Agency.

2. The so-called advance privatization law (law no. LXXIV of 1990 on the privatization of the property of state-owned small businesses, restaurants, and servicing companies) also deprived local governments of quite a substantial amount of property that they had expected, handing this property over to the State Property Agency.

3. The much debated "compensation law," which the parliament already passed once, but which will have to be discussed again due to the Constitutional Court's objections, also operated to the detriment of local governments, depriving them of some real estate.

4. The bill on the World Exhibition, which has since been taken off the agenda, but which requires the agreement and decision of our ministries, also wants to take property away from local governments.

5. Taken together, the bill on the handing over of certain state-owned value objects to local governments and the bill on the future owners of former church property are trying to turn certain rules into laws, thereby making local governments virtually inoperable.

What would we like?

1. We would like to serve the community that we represent, to serve those citizens who gave us their authorization at the elections. We feel that Hungary's population elected us, the mayors and community representatives of 3,000 self-governing bodies, for a period

of four years, just as legitimately as it elected the country's national assembly representatives and the parliament. We have no less of a responsibility for these 10 million citizens whom we represent in local affairs. We would like to serve them to their satisfaction.

2. We would like to fulfill our tasks, which is what the citizens living in our constituencies expect of us, and which are also determined by the law.

The law on local governments, as well as other laws, have given us tasks that we have to accomplish. We also have duties that are not just assigned to us by the law, but which the population also expects of us. We would like to fulfill expectations and comply with regulations at the same time.

3. We would like to see the real guaranteeing of material conditions so that we can comply with the compulsory tasks laid down for us by the law.

As I have said before, our tasks are dual. This duality partly stems from the law on local governments, which draws a distinction between compulsory and voluntary tasks. In paragraph 1/5, the law also stipulates that when deciding upon tasks and jurisdictions, the parliament should guarantee all of the necessary material conditions for the carrying out of these tasks. We note that these material conditions are not always guaranteed; in fact, the bill on church property even jeopardizes our solvency and property conditions.

4. We would like to have property, wealth, and ensuing material conditions, so that we can undertake an increasing number of voluntary tasks which are seen as essential for our citizens.

We also have voluntary tasks for which we have to create the economic conditions ourselves. These voluntary tasks are just as binding on us as the legally stipulated ones, because these tasks are determined by the needs and demands of our communities, by the individual nature of our problems. However, our funds are limited.

There is a limit to the population's tolerance, and it would be almost impossible to put our citizens to another test through the introduction of a new tax. We were not the ones who "dreamed up" these enterprising self-governing bodies, which happen to be unique in Europe. Economic realities determined our situation, and it was probably these difficult conditions that made the Constitution declare (44/A, paragraph 1b) that one of the fundamental rights of self-governing bodies was that local governments could conduct business at their own risk. However, without property or wealth, this business activity that is supposed to provide the financial resources for the fulfillment of our tasks really does remain a pipe dream.

5. We would like real help and laws that benefit local governments.

We would like laws that are helpful and beneficial for local governments, to compensate for the laws that I

mentioned earlier (and that list was not exhaustive). We would like laws that comply with the preamble of the law on local governments, laws that help create the necessary conditions for local government. Indeed, that is the basis that enables a local community of voters to make use of their local governing rights and to settle their local affairs in a truly independent and democratic way. We feel that in their present form, the property law and the law on church property are disadvantageous for local governments; in fact, they put other institutions (the state and the clergy) in a more favorable position to the detriment of local governments.

6. We would like trust and faith in the fact that local governments can and want to handle their constitutional tasks independently, without any "paternalistic" help from the state.

The parliament has to define a framework for the functioning of local governments, but it should only be a framework. It is the local governments that have to fill this framework with real contents. Local governments have to assume their own responsibilities for their functioning. We only think that a regulation is justified insofar as it assists our functioning, but not if it directs local affairs on behalf of the local government, or on a higher level than the local government. The parliamentarians have to believe that local governments are capable of fulfilling their local tasks if they have the appropriate means at their disposal. We seem to detect a lack of confidence in the bill on church property: Through the "settling" of property issues, this bill would force necessary local government funds into the background, and it would give priority to the clergy in many cases. However, we could also mention provisions in the law on jurisdiction, as well as the excessive authority of the Republic's commissioners and of our deconcentrated organizations. As far as the institution of commissioners is concerned, some people simply tend to see this body as the higher echelon of a two-level, self-governing body. This is an impossible confusion of rights and roles.

7. We would like our opinion to be respected in all matters pertaining to local governments.

Our statements are often seen as mere exclamations into a void. In connection with the property law, community governments, county governments, and we, Budapest's district mayors, protest in one voice and for the same reasons in defense of our local government rights and property. The government is exploiting the fact that there has not been enough time or opportunity to let local government interest groups mature, or to set up new types of organizations. Our words may have fallen on deaf ears when we have spoken separately, but today's joint effort should prove to be successful.

8. We would like guarantees that promises will not just remain promises. We would like these promises to be kept.

It is current fashion to twist the meaning of what has been said in the past. The law on local governments

promised that a substantial part of the state's property would be handed over to local governments, but so far, very little has been given to local governments. Today we note that the government is trying to reinterpret the promises made in the law on local governments (paragraph 107/1). The government is trying to give away as little as possible and keep as much as possible to itself. We consider this to be a policy of renationalization that is detrimental to local governments.

9. We would like security. We do not want to be afraid that what we had yesterday might be taken away tomorrow.

Unfortunately, we do not only have problems with the keeping of promises. We increasingly have the impression that even the property that has already been handed over to local governments is starting to "pain" the government. The compensation law and the subsequent bill on church property both try to deprive local governments of property in their possession, without giving them any compensation for it (or giving them a minimal equivalent). Some points in the property law show the same tendency. The time has come to acknowledge that local governments do not want to be proprietors for the sake of ownership: Local governments want clear ownership relations, and primarily, they want to be able to fulfill their duties.

10. We would like independence, so that we can dispose freely of that which belongs to local governments (rights or property, for example).

The Constitution and the law on local governments promised independence and the free use of owners' rights, but we run into obstacles everywhere. Bills increasingly tend to treat local governments as local branches of the state, and they forget that local governments essentially function as the country's fourth branch of power. The best example of this is the law on church property, which wants to involve local governments as outsiders in negotiations between the state and the clergy that actually focus on local government property.

Hungarian Minority Meets With National Assembly

*LD1906202991 Budapest Kossuth Radio Network
in Hungarian 1600 GMT 18 Jun 91*

[Text] The Hungarians of Vojvodina hope that from the end of this month the tensions in Yugoslavia will decrease after Croatia and Slovenia have decided on the issue of sovereignty.

The delegation of the Democratic Community of the Hungarians of Vojvodina met in Budapest with members of the human rights and foreign affairs committees of the Hungarian National Assembly. Speaking about the endeavors of the Hungarian minority in Yugoslavia, they said that they would like to be proportionally represented in the media, in education, and in local self-governments.

Through their own experience the members of the delegation of Hungarians from Vojvodina found that the Croatian arms sales affair did not worsen their situation but their circumstances have been made more difficult by, for example, the education law which was recently introduced in Yugoslavia.

Young Democrat Leader on Soviet Troop Withdrawal

*AU2006123891 Budapest MAI NAP in Hungarian
18 Jun 91 p 3*

[Interview with Viktor Orban, parliamentary faction leader of the Federation of Young Democrats, by Tamas Harle; place and date not given: "Orban Viktor"—first paragraph is MAI NAP introduction]

[Text] Two years ago, at the reburial of Imre Nagy, Viktor Orban delivered a speech on Heroes Square that was considered to be sacrilegious by many people. Orban's speech clearly called for the departure of Soviet troops. Lo and behold, yesterday afternoon [17 June], as the last departing Soviet soldier, General Shilov, joined Lieutenant General Antal Annus for a farewell lunch on Margaret Island, we interviewed Viktor Orban.

[Harle] Did you think two years ago that your wish would come true?

[Orban] At the time, we did not think in terms of two months, two years, or even 10 years. We simply thought that it was unacceptable for Hungary still to be under occupation.

[Harle] Were you not afraid of reprisals after your speech?

[Orban] I think that there was no longer any need to fear an official reprisal at that stage. There were threats, of course, but we were used to that.

[Harle] The Russians have left. Are you satisfied?

[Orban] If I say "yes," then I quickly have to add that all this should have happened 30 years ago.... Furthermore, I am not entirely satisfied because now that the country's wish has been fulfilled at long last, now, when we should be able to celebrate, our newspapers are not carrying the news about the withdrawal on their front pages; they are reporting almost surreptitiously. I find that strange....

[Harle] There was another sentence in "that" speech. You said that the next two decades of today's youth should be buried in the seventh coffin [at Imre Nagy's reburial]. Do you still think along those lines?

[Orban] Even if it does not take 20 years, it will definitely take ten years for this country to find its way back onto a road that we already traveled more than 30 years ago. Nevertheless, I am still optimistic because despite our worries. I do not see any insurmountable obstacles that could stand in the way of transformation in Hungary.

Draft of RMDSZ Program's 'Basic Principles'

91BA0656A Bucharest ROMANIAI MAGYAR SZO
in Hungarian 18 Apr 91 p 3

[Unattributed article: "Basic Principles of the Program of the Democratic Federation of Hungarian Romanians"]

[Text] We invite you to debate the introductory chapter of the modified program to be put before the second congress of the RMDSZ [Democratic Federation of Hungarians in Romania] in Marosvasarhely [Targu Mures]. Included in the text below are the guiding principles governing the Federation's overall operation, and it will be in the spirit of these principles that subsequent chapters will outline the specific objectives of various topical areas. We intend this introductory part to serve as an independent unit, the hallmark of the RMDSZ, if you will. We ask our readers to forward their observations and suggestions as soon as possible to the working committee assigned to putting the program in final form. RMDSZ—Kolozsvár 3400, Cluj, Str. Pavlov 21.

1. The Democratic Federation of Hungarian Romanians (RMDSZ) is a minority rights coalition, made up of autonomous local and stratum-level organizations of Hungarian Romanians. Its mission is to represent the interests of the Hungarian minority in Romania, and to unite and promote various forms of self-organization. In terms of political and ideological convictions, it offers a complete freedom of platforms for its various member parties and other organizations, but it unequivocally distances itself from all manifestations that might violate, cast doubt upon or otherwise jeopardize Romania's sovereignty and territorial integrity. The basic principles on which our minority rights organization is built include the struggle to ensure universal human and minority rights, a commitment to building a constitutional state and a democratic society, and the rejection of all totalitarian ideologies, be they of the national or political variety, and extremist (nationalistic and chauvinistic) views. It is on this basis that the various political, economic, scientific, professional, cultural, religious, youth and other organizations subscribing to RMDSZ's system of objectives have joined forces.

2. In terms of state boundaries, Romania's Hungarian populace, including the Csangomagyar enclave, is a part of the greater community of Romanian citizens; from the point of view of language, ethnic background, identity, history, culture and traditions, however, it is an integral part of the Hungarian brethren with long-standing historical and cultural bonds tying them to other peoples as well, including first of all the Romanians and Germans with whom it has coexisted for centuries. Having accepted being a part of Romania, it vows to continue to preserve its national identity. This is not just an RMDSZ program, but a fact of life. Ours is a type of ethnic minority that wants neither to emigrate, nor to be absorbed into the majority nation. Its native land is its

homeland, and it has made significant contributions to its economic and cultural development.

3. The following are among the fundamental interests of Hungarian Romanians:

a. As Romanian citizens, Hungarian Romanians have a vested interest in supporting the rapid democratization of Romanian society, the establishment of a constitutional state, the modernization of the economic structure, the acceleration of privatization, the adoption of market economic principles, and the closest possible integration of Romania into the European process.

b. As a national minority its primary interest lies in ensuring the conditions that are necessary to preserve its national identity unperturbed.

c. It is similarly in its interest to develop normal and harmonious forms of coexistence with the majority Romanian nation and other national minorities, so that it can feel at home in its own country; this will require a coordinate relationship among free citizens enjoying equal rights, which automatically precludes any form of discrimination, domination or national supremacy.

d. Being an integral part of the Hungarian brethren, it is in its interest to be able to freely foster its natural ties with its mother nation, and with other Hungarians wherever they may live.

Making all of this possible is in the interest not only of Hungarian Romanians, but also—directly or indirectly—of all citizens of Romania who feel responsible for the country's future.

4. As an organization formed to represent and protect the interests outlined above, the RMDSZ considers it to be its duty to support all political, economic, legal, and administrative entities that work to guarantee equal opportunities of self-actualization for every citizen of Romania, complete equality before the law, the freedom of Hungarian and other minorities in Romania to assert their individual and collective rights to offset the disadvantages connected with minority status. Its main goal is to help bring about a democratic society that will ensure an equitable level of welfare, security, social justice, and freedom for all of its citizens, and a harmonious coexistence Romanian citizens of various nationalities.

Consequently, the RMDSZ is working toward the attainment of the following goals:

a. In the area of bringing general democratization and modernization to Romanian society:

—Constitutional guarantees and true respect for basic human rights and freedoms; freedom of speech and of the press, freedom of religion and conscience, the right of assembly and public meeting, the right of the individual to serve in public office, the freedom to choose one's place of residence, the right of personal freedom, and for the collective rights of all minorities, which Romania has committed itself to and assumed responsibility for by

signing the final protocols of the Founding Charter of the UN, the Universal Declaration of Human Rights, the Helsinki Conference, and the Vienna and Copenhagen Follow-up Conferences.

—Reorganization of the government system on the basis of democratic and pluralistic principles; free election of state organs in accordance with the spirit and requirements of other European legal systems; and true separation of legislative, executive and judicial powers.

—Nurturing a spirit of pluralism, respecting alternate views and interests and recognizing the legitimacy of their representation.

—Modernization of the economic structure on the basis of an effective economic program, privatization and the adoption of market economic principles.

—Implementation of steps to provide social protection for all citizens to offset the harmful effects of unemployment and inflation that inevitably accompany industrial restructuring and the shift to a market economy.

—The earliest possible decentralization of society as a whole in order to improve its efficiency; the elimination of structures and methods inherited as a part of the legacy of communist dictatorship; the establishment of conditions necessary for building a democratic society.

—Introduction of a system of local governments as an integral part of democratic society in accordance with the spirit of the pertinent documents of the European Charter of Local Governments, adopted at Strasburg; the establishment of statutory guidelines that define the manner in which local governments should be formed, the scope of authority and jurisdiction of local government decision makers as well as the method of cooperation between the central and local authorities, and offer broad possibilities for initiatives coming from below to assert themselves and thus for the maximum utilization of local resources to benefit both the local governments, and the country as a whole.

b. In the area of protecting interests connected with the preservation of Hungarian identity in Romania, and finding a fair solution to the minority problem:

—Formation, nurturing and maintenance of a healthy, nonoffensive sense of identity.

—Establishment of the constitutional, legal and institutional conditions necessary to accomplish the above, and guaranteeing the individual and collective rights of minorities.

—Securing statutory guarantees to ensure unrestricted use of one's mother tongue in various areas of social life, as stipulated in the above mentioned documents and in the European Charter of Regional and Minority Languages.

—Development of an autonomous network of cultural institutions to serve the Hungarian minority.

—Creation of an independent cultural network to include all forms and levels of education and vocational training, which in addition to making good quality instruction available in the mother tongue also makes it possible for everyone to thoroughly acquire the Romanian language through modern language learning methodologies.

—Granting national minorities a proportionate share of the funds earmarked by the state budget for cultural and educational purposes.

—Guaranteeing minorities the right to organize themselves in such a way so that on all issues affecting them internally they can, in accordance with the principle of self-government, make their own decisions (directly or via their representatives), and that their decisions are respected by everyone.

—The unification of Hungarian Romanians into a minority society, even at the price of having to pay taxes to two or three different places, in the form of a self-governing institutional system that simultaneously satisfies the requirements of personal as well as cultural autonomy, and which thereby will satisfactorily address the problem of sporadically located settlements.

—Establishment of social conditions under which every citizen can freely admit to, preserve and nurture his national identity without exposing himself to any kind of social, moral or legal discrimination.

c. In the area of cultivating new forms of harmonious coexistence among Romanian citizens of various nationalities:

—Development of multilevel, interethnic ties to promote truly mutual understanding among nationalities.

—Suppression of all manifestations of nationalism, chauvinism, distrust, ethnic prejudice and verbal aggression, regardless of which side may be responsible; fostering tolerance toward all that is different, and helping to imbue the public mood with the spirit of social solidarity.

—Punishment by law of all forms of nationalistic and chauvinistic instigation (groundless accusations, rumor-mongering, slander, suggestions of collective sin, propagation of social prejudice, etc.).

—Opting for civilized dialogue conducted in good faith to resolve possible conflicts of interest that may arise.

—An all-national reconciliation predicated on guarantees of equality before the law for every Romanian citizen, the complete elimination and redressing of social injustices and unfair ethnic discrimination, the unconditional recognition of the right of national minorities to consider their country to be their homeland where they can feel at home, and not to be treated by anyone as second-class citizens; and the complete eradication of all manifestations of humiliation to which they have so often been subjected.

d. In the area of fostering ties with the mother country and Hungarians everywhere:

—Guarantees of free movement for all citizens.

—Cultivation of ties between institutions (organizations and associations), and regular exchange visits by experts and specialists.

—Free flow of information (books, newspapers, periodicals, etc.) across national borders.

5. In order to achieve the goals outlined above, the RMDSZ must have the right strategy. At the heart of that strategy must be the recognition that it will not be able to achieve all these goals alone, first of all, because it was organized primarily for the purpose of protecting the interests of a minority, hence the success of its initiatives will, to a great extent, depend on the attitude of the majority; and secondly, because in this period of transition from a totalitarian system to a modern European structure its consistently democratic principles are expected to encounter great resistance, and even hostility on the part of the supporters of the old structures hoping to return to the old system, who still represent a significant political force.

Under these circumstances the RMDSZ should be able to find natural allies among all of the democratic forces of Romanian Society, hence cooperation with these forces, both within and outside of the parliament, constitutes the very foundation of its strategy. Intertwining interests constitute the basis of such cooperation. The Romanian democratic forces will find the RMDSZ to be a reliable partner for their must realize that besides the general common interests they share, building a democratic society is in the vital interest of Hungarian Romanians because finding fair solutions to the minority problem would be unimaginable under an anti-democratic system. They must also know that because of its position the RMDSZ cannot count on ever becoming a governing party (except as a coalition partner perhaps), hence it cannot be accused of pursuing self-serving aspirations to power under the guise of democratic aims. In other words, everything that it is doing, it is doing for the common good. Another reason why it is in the interest of Romanian democratic forces to support the program of the RMDSZ, including its uniquely minority-oriented goals, is because today it is already obvious that finding fair solutions to the minority problem is one of the cornerstones of democracy.

It is in accordance with these strategic principles that the RMDSZ pursues its political struggle. Without giving up any of its specific minority-rights inspired objectives, it intends to radically represent the cause of democratization in Romanian society as a whole, promoting goals that serve the interests of the entire society. In the area of representing minority rights cooperates with the organizations of the country's other national minorities. It will never make unprincipled compromises with the ruling power, but in the interest of furthering the causes it represents, it is prepared to enter into dialogues with

anyone if doing so promises to advance those causes. It asserts its strategy in three main arenas: in the parliament, in its domestic activities outside of the parliament, and in its foreign relations.

In the parliament, it wishes to play an active role in law making and the legislative process. Instead of specifically limiting its activities to the representation of minority interests, which is indeed one of its main tasks, it will, without ever losing sight of those interests, work consistently to ensure that the laws adopted by the parliament effectively contribute to the democratization of society as a whole, and that both in content and form they conform to modern European principles and norms. These are the principles that will govern its actions both in its approach to debating and submitting proposals and draft amendments in the parliament, and in deciding whether to support or reject a given bill. It will try to expedite the resolution of pressing concerns by way of interpellation. In order to increase its effectiveness in the parliament, it will cooperate with other democratic parliamentary groups.

In its activities outside of the parliament, the RMDSZ works to achieve its goals on two planes. On the one hand, it looks for various possibilities of cooperation and fosters its ties with extraparlimentary democratic groups as well as the democratic-minded Romanian press in order to educate Romanian public opinion about the problems and unique goals of the Hungarian minority in Romania. To further that goal, it also issues Romanian-language publications. The basic principle of its propaganda is to provide accurate information. In order to promote national reconciliation it supports all initiatives (the holding of cultural and other types of get-togethers, the forming of Hungarian-Romanian friendship societies, etc.) that contribute to the relaxation of inter-ethnic tensions. On the other hand, it works through its autonomous member organizations to establish various forms and institutions of self-organization which is the basis of a democratic society by making maximum use of the existing laws; it is urging that the new possibilities opened up by the legislature toward the modernization of society be followed by action as soon as possible in order to expedite greater conformity by Romanian society to European norms.

In its foreign relations, the RMDSZ is working to establish strong ties, and whenever possible to cooperate with foreign parties whose political platforms and activities are not in contradiction with RMDSZ's basic political principles; the aim of fostering these ties is to familiarize the given parties with the problems of Romanian society and the Hungarian Romanian minority as well as with its own aspirations, in order to obtain their moral and other forms of support (information sharing and exchange visits by experts, etc.) for the attainment of those aspirations. In its relations with foreign parties the RMDSZ vows to retain its full independence, and it maintains the right to represent the interests of the Hungarian Romanian minority according to its own best judgement. On occasions it will join forces with various international

organizations and associations in order to promote all-European integration. Proceeding from the assumption that human rights cannot be considered the internal affairs of individual countries, the RMDSZ's aim is to establish strong cooperative relationships with various international minority and human rights organizations (i.e., Ligue pour les droits de l'homme, Amnesty International, Helsinki Watch, Hungarian Human Rights Foundation, Gesellschaft fur Menschenrechten), urging them to establish local offices in Romania, and supplying them with documented information. In order to ascertain that international public opinion receives accurate information it also maintains ties with the foreign mass media, and sends representatives to various international congresses and conferences.

Former World Bank Official on Debt Relief

91CH0636E Budapest NEPSZABADSAG in Hungarian
2 May 91 p 9

[Interview with Arthur Karasz, former Hungarian National Bank (MNB) president and former World Bank official, by Attila Seres; in Paris, April 1991: "Debt Relief Should Be Negotiated"—first paragraph is NEPSZABADSAG introduction]

[Text] Arthur Karasz was the Peasant Party president of the postwar Hungarian National Bank. [Communist chief] Revai demanded that his head roll. Later, he became an official of the World Bank, helping South American and Asian countries to regain their footholds. And last, but not least, Karasz is also a good writer. In his recently published Hungarian language autobiography, which reads like an exciting picaresque novel, he tells his life's story with a bitter-sweet sense of humor. Karasz lives in Paris. Our reporter paid him a visit at his home and questioned this once respectable writer on his special topic: the debt crisis.

[Seres] As a former official of the World Bank you must know from the inside how international financial institutions react to on time installment payments alternatively to possible requests for rescheduling. Can you see a way out of the Hungarian debt trap?

[Karasz] The Hungarian indebtedness, which last year already amounted to \$21 billion according to the MNB, is likely to be the country's central problem for many long years to come. Inasmuch as I understand this matter, the government took the position that Hungary has made the payments regularly, and that it would intend to remain a good debtor. We will pay, come what may. This is a proper outlook from the banker's viewpoint, of course. Nonpayment could probably mean a higher interest burden, more difficult conditions and substantially greater expenses to the country. Accordingly, one should not argue in principle with the government's concept. In practice however, this question is raised: How long will we be able to pay? At what point will we see the moment when, God forbid, what may come will come indeed. Is that moment going to come

when the debt burden, the interest and the installment payments immobilize a large part of Hungary's foreign exchange income so that our dollar income will not even suffice for our daily needs? I must add here that at this moment I cannot regard myself as an expert, because only fragmentary data is available concerning the Hungarian economy. But in any event, this question arises: Are we not cheating ourselves and our creditors when we refinance our present indebtedness and thus increase our aggregate indebtedness?

[Seres] Not to mention the country's endurance which appears to be finite.

[Karasz] That is the other issue. It would be almost more appropriate, more candid, and more useful if already at this point we would raise the issue of the country's capacity to endure. This matter could be discussed today under relatively calm circumstances, while tomorrow, God forbid, under catastrophic circumstances it would be more difficult to place this issue on the agenda. Indeed this brings us to the question of have we not already wasted a precious year, the same way that we argued for a full year on how to realize a market economy; with a shock therapy, or slowly and cautiously? I suspect that this year has been lost, even though when we were in full swing, Hungarian public opinion would have swallowed a lot, so to speak. But now a year later, tired of many things, it will be more difficult. In the same way yet another question may be raised, and I know that with this one I am prying open a grave problem, was it appropriate to maintain the fiction of the "good debtor" at any price? Would it not have been more appropriate to place this issue immediately on the agenda? At times when we had a good reputation in the world, when we were still first and the President of the United States paid a visit in Hungary. I suspect that in those days the West would have granted many concessions which it would not grant today, because by now we are only one among many who stand in line with a similar request. We are less interesting to them by now.

[Seres] In other words, you feel that we are somewhat too late?

[Karasz] Yes, that is my view. Irrespective of this, the problem still exists of course, and perhaps it is not useless to talk about it even today. This, of course, has also occurred to others. I read that at one of the management seminars in Hungary one of the country's leaders had this to say: "Hungary intends to continue paying its debts," but he added that we would not refuse to see someone if he came to tell us that he wanted to relieve the burden that weighs us down. But we do not make initiatives. Simply put, we do not ask for concessions, but we accept them if we receive some. This would be the ideal solution of course, but hoping for that situation to occur amounts to naivete. Understandably, the banks want to see money. We must not want them to make a square out of a circle, we must not expect them to commit suicide. Whether we like it or not, we must make the initiative to negotiate about debt relief.

[Seres] In what way do you perceive this to happen, should we declare bankruptcy?

[Karasz] No, that would be out of question. I would not advise that we declared insolvency. Instead of maintaining the present rigid status quo, we should achieve a change in the loan structure which in the final analysis would also be advantageous to the creditors, because they would have a smaller receivable that can be collected with certainty rather than the existing receivable which is uncertain. There have been examples for this in world. Suffice it to refer to the largest indebtedness in the world, the case of Brazil. They recently reached an agreement with their creditors. According to this agreement, the creditor banks would accept \$8 billion worth of bonds instead of \$2 billion in cash. Accordingly, in that given moment, Brazil rids itself of a \$10 billion indebtedness by paying \$2 billion. The agreement, every agreement, has its price of course. But it may be worthwhile provided that the other side agrees to pay for the other part of the concession. I am aware of the fact that last year's foreign trade balance showed a 1 billion [unspecified currency] surplus. But will this year's trade balance be as favorable? Unfortunately, this does not seem to be the likely case. On the contrary, a number of signs indicate that Hungarian foreign trade will run into obstacles. It raises concerns that as a result of this some drastic means must be used in terms of foreign exchange management. I would under no circumstance recommend a return to the rigid, strict economic system. That's not the issue. All we are dealing with here is that we must learn how to take advantage of opportunities available in a given situation, and that we use all capable means of moving the country from its dead center. Let us not hesitate all the time. We need smart, novel, daring investments so as to create more jobs. More and better jobs.

Paris, April 1991

Domestic Commerce Viewed With Moderate Optimism

91CH0636B Budapest FIGYELO in Hungarian
2 May 91 p 11

[Article by Imre Boc: "Domestic Commerce: Moderate Optimism"]

[Text] Just as in previous years, early this year the Economic Research Institute queried about 200 domestic commercial enterprises (not including hospitality industry, pharmaceutical and crude oil product sales, and newspaper distribution enterprises) about their expectations.

Survey results show that enterprises expect to see strengthening market effects. Compared to trends observed in the past, enterprises recognize a change in the fact that this year mixed goods current prices and sales increased at a slower pace than those of clothing apparel. This occurred presumably because individual purchase power has declined and because households

have satisfied their needs as a result of private import transactions consummated in previous years. The fact that clothing enterprises expect a 10-percent [overall] sales volume increase, but within this increase the sales volume of clothing is expected to expand only by 4 percent, is an interesting phenomenon. It suggests that by expanding their profile they were able to successfully protect themselves against declining sales.

Retail trade predicts a 19-percent decline in sales, and within that food retailers expect a 20-percent decline, while clothing retailers anticipate a 10-percent reduction in volume. Among mixed industrial goods, not including heating and building materials sales, the expected rate of decline is 25 percent.

1991 Changes in Selling Prices
(in percent, previous year = 100)

Products	Retail	Wholesale
Food	139	110
Mixed industrial goods	140	120
Clothing	120	119
Total	135	115

Wholesalers expect a 15-percent price increase, while retailers anticipate a 35-percent increase in price levels. The difference is a result of the fact that in retail firms the price indexes of food products delivered directly to stores count more heavily, and the related expected price increase is faster than the average price increase. A significant difference exists between price projections made by enterprises in Budapest on the one hand and enterprises in the countryside on the other. The former predict a 56-percent (!) price increase, while the latter count on only a 29-percent increase. Correspondingly, the decline in sales volume in Budapest would be almost twice as large as in the countryside.

Only in Part

The stronger impact to be made by market effects is indicated by the fact that a larger part of retail enterprises expects to be able to convey price changes only in part. Only about one-third of food retailers, two-thirds of clothing retailers, and roughly one half of mixed industrial goods retailers felt that they would have a chance to partly or fully convey price changes. The different "price index" expectations in the capital and in the countryside are supported by the fact that while 65 percent of retailers in the capital envision an opportunity to have their customers accept price increases, the same ratio in the countryside is only 35 percent. On the other hand, there was hardly an enterprise which saw no opportunity at all to convey price increases.

Taken as a whole, the enterprises expect no changes in procurement opportunities as compared to last year, but within that, wholesalers expect some improvements, while retailers envision a slightly deteriorating trend.

Every enterprise in every trade anticipates a sharp decline in imports payable in rubles. The anticipated decline is greatest in the mixed industrial goods category where a larger part of the products consist of less expensive household machines and communication equipment from the Eastern market. Procurement from state owned large industry, wholesale enterprises, and agricultural plants will remain largely unchanged, while enterprises recognize improved chances for obtaining imported goods for convertible currency and for the purchase of goods produced by small firms.

Differences

The turnover rate of enterprise inventories will continue to increase only to a small extent in 1991. The exception is mixed industrial goods retail not including heating and building materials. In that field the expanded choice of Western products and the demand for maintaining a choice of products which slows down a further decline in sales, does not permit further reductions in inventories. Another warning sign is the fact that clothing apparel wholesalers predict a decline in inventories even on the basis of current prices. Restrictive monetary policies are reflected in the fact that the size of inventories declines in every trade, and most sharply in retail enterprises located in the capital.

The enterprises' value judgment concerning their market situations presents an interesting picture. A majority of the enterprises count on intensifying competition. All Budapest retail enterprises, and 92 percent of the retail enterprises in the countryside made statements to this effect. Seven percent of the wholesale enterprises will be able to face intensified competition, the market share of a majority of these, 55 percent, will not change; moreover, 16 percent of these enterprises claimed an ability to increase their market share. Polarization is greater in retail trade. Sixty-five percent of the enterprises expect a decline in the market share, 27 percent expect to maintain their present market share, while 8 percent anticipate an increase. This polarization varies by trade. Only 4.5 percent of food retailers envision a possibility to increase their market share, while the same ratio in the clothing apparel retail trade is 50 percent. In Budapest almost 80 percent of the retail enterprises counts on reduced market shares, while in the countryside 60 percent of retail enterprises expects the same.

1991 Retail Sales Predictions by Enterprises per Main Product Categories (previous year = 100)

Product Category	At Current Prices (in percent)	Volume (in percent)*
Food	102	80
Clothing	101	90
Mixed industrial goods	100	75
Total	102	81

* Based on enterprise (trade branch) analysis, not including General Marketing and Consumer Cooperatives

Endeavors to retain the market share are reflected in measures planned to be implemented by enterprises in 1991 and thereafter. In 1991, wholesalers plan to primarily expand their respective profiles, implement organizational changes, and acquire the right to independently pursue foreign trade. The latter endeavor is manifested primarily by food, shoe, and iron-technical wholesale enterprises, while an expansion of profile is considered mostly by mixed industrial goods wholesalers.

Who, What....?

About one-third of the food and clothing wholesale enterprises plan to sell their fixed assets and privatize their enterprises. Retail enterprises have primarily the privatization of shops in mind; this is planned by 73 percent of the enterprises, and within Budapest, by 95 percent of the enterprises. Eighty-four percent of Budapest food retailers, and all Budapest heating and building materials sales enterprises plan to privatize their outlets. An expansion of profile is planned mainly by clothing retailers, but the 69 percent ratio of food and mixed industrial goods retailers which plans to do the same is also high.

The picture changes after 1991. By then, far fewer wholesalers intend to acquire authority to pursue foreign trade, to privatize shops, or to sell fixed assets. Among retailers, it is projected that the ratio of those who wish to privatize their stores will drop from 73 percent to 54 percent, but within that, food retail enterprises will continue to represent a high proportion. On the other hand, it is projected that the ratio of retailers planning to expand their profiles, develop service provisions, and transform their enterprises will increase. This suggests that these enterprises will be able to implement part of their plans only after 1991.

A stabilizing trend in commerce is indicated by the fact that far fewer enterprises count on a deterioration of their financial situation than last year. The ratio of these dropped from 67.5 percent to 45 percent among wholesalers, and from 65 percent to 48 percent among retailers. Food, textile, and outerware wholesalers indicate a deteriorating financial situation, and so does more than half of the retail enterprises in Budapest. But according to the balance sheet, net income will increase only in wholesale enterprises, while the contrary is expected in the retail sector. More than half of the enterprises is counting on a deterioration in net income based on the balance sheet, and within that, more than 60 percent of the AFESZ [General Consumer and Marketing Cooperatives] stores indicates a trend of this kind.

An interesting division in enterprise response may be seen when asked whether they would like to start a new venture in 1991. Fifteen of the 33 wholesale enterprises responding, and 80 of the 163 retail enterprises said that they intended to launch new ventures. Within these

figures, 1 wholesaler and 27 retailers intend to initiate ventures outside of the commercial field. A large number of clothing and mixed industrial goods wholesalers, and mixed profile retail enterprises, mostly AFESZ stores, are among those who wish to launch new ventures.

Cabinet Agricultural Program Described

91CH0649A Budapest FIGYELO in Hungarian
9 May 91 pp 1, 13

[Article by Laszlo Sarossy, Ministry of Agriculture political state secretary: "The Cabinet's Agricultural Program; The Path Has Been Charted"—first paragraph is FIGYELO introduction]

[Text] After heavy political fighting the cabinet's agricultural program is now complete. Laszlo Sarossy, Ministry of Agriculture political state secretary summarizes the most important aspects of the program.

The main goal of the agricultural program is to develop an efficient agricultural economy which is competitive on an international scale and which rests on the foundations of private ownership and a market economy. It must be capable to support substantial, long-term agricultural exports even without significant subsidies. Today's large plant structure and ownership conditions must be changed in order to increase the competitiveness of Hungarian agriculture. Presently, only about seven percent of Hungary's arable land is owned by individuals or families. The ratio of private ownership regarding forest land is one percent.

After ownership conditions are settled in the near future between 70-80 percent of the arable land and between 35-40 percent of forest land will be privately owned.

A significant distinction between land ownership and land use is likely to occur as a result of implementing the compensation law. In order to ensure continuity in production and to increase competitiveness, the government will protect enterprising lessees who risk their capital until such time that a real land market has evolved. This governmental activity will take place in the form of regulating leasing fees, defining persons eligible to lease land and establishing terms regarding the duration of leases.

In the course of privatization all, except for a few state farms will be changed into privately owned enterprises, while producer cooperatives will be based on real private owners' cooperative agreements. The basic principle regarding the latter is the distribution of, and possibility the sale of 100 percent of the common property, including arable land. Social welfare obligations, and above all, the obligation to employ persons must be discontinued. Conditions of responsibility must be spelled out unequivocally, which means that cooperative members will be liable for management failures to the extent of their respective shares of property.

Attracting Capital

In transforming cooperatives, work that can be performed individually or in the framework of a small enterprise will be severed from the cooperatives and will be changed into cooperative procurement, sales, etc., organizations under the private ownership of their members. The actual owners will determine the future of large plant production branches based on efficiency and profitability criteria.

From a practical standpoint, the Hungarian food economy is a captive of a technically and technologically backward food industry. Food industry enterprise assets represent a high value even at present. This defines the scope of prospective investors to a certain extent. Due to a shortage of solvent demand in Hungary, foreign investors should be regarded as the primary source of capital. From among these, preference should be given to those who:

- Expand the market.
- Establish profitable manufacturing conditions resulting in higher levels of processing.
- Introduce more up to date technology.

About 30 percent of Hungary's agricultural products are sold in foreign markets. Due to our export orientation, our relative competitiveness and our budgetary situation, Hungary has and will continue to advocate liberal agricultural trade.

In addition to conducting multilateral negotiations (GATT), the government endeavors to improve the market access of agricultural products through bilateral negotiations (EC, EFTA, East Europe, the United States, etc.).

The number of products subject to export licenses will be reduced. Customs duties will exert the basic regulatory effect with respect to imports.

Insofar as the domestic market is concerned, we must demolish the inflexible commercial monopolies, and support local procurement, processing, and sales ventures which substantially reduce the cost of sales.

New Credit System

Of course, commodity markets, wholesale markets, and auctions are parts of the efficient functioning of the domestic market.

In restoring the national economy and building a market economy, financial conditions must be established for those engaged in agriculture as a lifelong avocation. This involves loans which mature in a longer term than at present and which are subject to interest payments reduced by 50 percent, as well as a central loan guarantee system.

A village based banking network would be best suited to provide loans for private farms, and to establish and maintain close relations with producers.

The beginnings of a land market hasten the need, and provide an opportunity for the development of a land mortgaging system. For this reason, we must encourage the rapid development of the legal, technical and institutional conditions, and the establishment of a discounting system for mortgages by enacting appropriate legislation. Establishing a mortgage institution complete with rules and regulations governing the commercial transactions of that institution, as well as its loan guarantees and security requirements would be desirable.

Exempt From Entrepreneurial Profit Tax

A system of guarantees for an agricultural economy based on private ownership will be established as a result of developing an independent agricultural insurance and reserve accumulation system responsive to the peculiar needs of agricultural production. An entirely new, village based insurance system responsive to the conditions of production could reduce risks presented by weather and by the market. Within this system property and life insurance could be linked to production insurance.

Legislation protective of the income of agricultural producers against risks must be enacted. This law would enable agricultural producers to voluntarily establish funds for common use, thus, enhancing the increased risk bearing capacity of agricultural producers. Contributions to such funds would be written off as costs of operation.

In market economies privately owned agricultural and forestry enterprises are not subject to income taxes similar to the Hungarian profit tax. This principle must also be enforced in Hungary and would result in exempting agricultural and forestry activities from under VANYA [Entrepreneurial Profit Tax].

In a manner similar to business organizations, state enterprises must also be exempted from under wage regulatory constraints and wage taxes. This should be accomplished at the beginning of the stabilization program, preferably as of 1 January 1992. This could be accomplished as a result of monetary policy, and of consensual wage agreements between employers and employees.

Discontinuing the so-called differential allowance based on differences in the quality of land demands a law providing for the modernization of the present land taxation system. While the aggregate amount of taxes to be collected must be maintained, the new land tax must be neutral from the standpoint of the sectors and organizations taxed.

State revenues lost as a result of discontinuing VANYA with respect to agricultural basic functions must be offset by a moderate general sales tax on food. Simultaneously, the opportunity for producers to reclaim AFA [general

sales tax], including AFA taxes paid after investments, must be broadened so as to apply to all agricultural products. A tax write-off system must also be established relative to the financing of developmental projects, particularly with respect to starting enterprises.

Subsidies

As part of budgetary and state household reform the agricultural subsidy system has been continuously transformed for several years. In this context, subsidies which served as substitutes for pricing and which aimed for increasing the volume of production, and other subsidies based on employment considerations will largely be discontinued.

The new subsidy system must:

- Stimulate the strengthening and market access of new entrepreneurial ventures.
- Improve international sales opportunities for agricultural products.
- Encourage alternative land uses by farmers whose land is of an inferior quality.

With respect to the latter, it should be noted that in the future the national economy will be in no position to surrender production on lands of lower than average quality. Along with agricultural production, opportunities for other land use purposes must also be encouraged.

However, one must consider that Hungarian agriculture intent on achieving European efficiency levels will be unable to sustain the present number of people engaged in agricultural activities, even if the volume of agricultural production remained unchanged. The workforce to be released could establish the foundation for developing the presently backward service network in villages, and the infrastructure for agricultural production and the market.

But even along with this change it will not be possible to avoid a situation in which some villagers at the start of their careers will migrate to other areas, and in which significant masses of unskilled agricultural workers will become unemployed.

The agricultural program alone is unable to manage the employment problems presented in the agricultural field, and in the countryside. Relieving these problems is the function of government.

It is the function of the agricultural program to see to it that persons who make a living out of agriculture as a life long avocation and as their primary occupation, or those engaged in supplemental agricultural production receive a satisfactory income based on the capital that they have invested and on the work that they have performed.

New Agrarian Policies, Prospects Discussed*91CH0609A Budapest HETI VILAGGAZDASAG
in Hungarian 4 May 91 pp 30-31*

[Interview with Gyorgy Rasko, deputy state secretary of the Ministry of Agriculture, by Peter Felix; place and date not given: "Producers Whose Efficiency Is Low Will Be Left To Fend for Themselves"—first paragraph is HETI VILAGGAZDASAG introduction]

[Text] The leadership of the Ministry of Agriculture came out with the draft of a new agricultural program a few days ago. The concept defines in great detail only the objectives to be reached, but is very sketchy on the necessary financial conditions. The one thing that is clear is that basically the state budget would have to assume the financial consequences of the ideas. We interviewed Gyorgy Rasko, a deputy state secretary of the Ministry of Agriculture (he is 39 years old), about the reality of the new concept and about Hungarian agriculture's future, as he sees it. Previously, the deputy state secretary had participated for years in implementing, in several countries of North and South America, the agricultural package plans of the World Bank's International Development Institute Association.

[Felix] Overproduction, the socialist sector's collapse, shrinking export opportunities in every direction, a drop of about 20 percent in [domestic] food consumption in one year; these are some of the symptoms from the diagnosis of what ails Hungarian agriculture. Therefore, the following question is perhaps justified: Under these conditions, is farm production on its present scale necessary, or is some sort of "amputation" warranted?

[Rasko] The market, rather than the ministry or politicians, must provide the answer to that question. In any event, we regard this year as a transitional one, because the shrinking of our export opportunities will require central subsidies. As of the beginning of next year, however, the structure of subsidies will change drastically; according to the agricultural program that has just been elaborated, the agricultural organizations themselves will have to assume responsibility for their decisions.

[Felix] A new concept of agricultural policy requires, I would assume, a new system of subsidies. Specifically, what does it mean?

[Rasko] The agricultural market's new rules will be effective as of 1992. Their gist is that we will introduce a system of guaranteed procurement prices to provide security for farmers. Of course, this does not mean that every producer now in farming will be able to make ends meet. We will try to "target" these minimal prices so that farming will be clearly profitable only for the efficient producers. As of next year, we are determined to let the producers whose efficiency is low to fend for themselves, or to force them either to abandon farming or to restructure their farming.

[Felix] The big question is who calculated the guaranteed procurement prices, and on what basis? How is it possible to determine correctly the level at which the guaranteed procurement prices still offer an incentive for the good farms, but do not support the inefficient ones?

[Rasko] Initially there probably will be blunders in this area, perhaps even big ones. But let it be said in our excuse that even in the West the mechanisms for setting farm-support prices are not functioning without a hitch. Taking the experience gained there into consideration, we intend to set up so-called produce boards that will be assigned the task of setting the guaranteed procurement prices. This work would be enhanced considerably if as many credible agricultural interest-representing organizations were formed as possible; organizations that, unlike the present ones, truly represent agricultural interests.

[Felix] Let us assume that the interest-representing organizations truly represent agricultural interests, and that the farms are efficient. Even up to now, however, the main problem has been marketing, rather than the efficiency of farm production. How much can the new concept of agricultural policy help in that respect?

[Rasko] Protectionism is truly causing enormous concern for Hungary's agriculture, and it can hardly be expected to abate significantly in the near future. But few people are aware that, thanks to large-scale farming and in spite of all the difficulties, Hungarian agriculture's production costs are only about 40 percent of the costs in EC countries. If we are able to improve this proportion further, then we are indeed right in seeking markets abroad, even in West Europe for that matter.

[Felix] I admire your optimism. However, as a result of the Compensation Law that has been enacted just a few days ago, we might have to relinquish specifically the advantages that large-scale farming offers. Could the statement you just made hold true even if there were tens of thousands of midget holdings?

[Rasko] I do not view the situation so darkly at all. Sooner or later, in my opinion, the owners of land will decide to make cooperatives based on the principle of voluntary participation the dominant form of agricultural organization in Hungary. According to our estimates, 85 percent of the agricultural sector that grows raw produce will pass into private ownership this year, and only about 30 or 35 of the 126 state farms at present will remain state-owned, but even in their case we think it would be expedient for the state to hold a 50-percent stake at most.

[Felix] The cooperatives you are hoping for belong in the future. But what will happen to the present agricultural cooperatives if the former owners get their land back and a larger proportion than you expect will want to farm on their own, at least temporarily?

[Rasko] Indeed, we can only guess by how much the area of the agricultural cooperatives will diminish as a result

of the Compensation Law, and how much rent they will have to pay to those owners who will lease their property to the agricultural cooperatives.

[Felix] That is playing with fire. The more so because many of the present cooperatives are burdened with heavy debt, and the land given the owners in compensation must be unencumbered.

[Rasko] Withdrawals of land will undoubtedly affect seriously many of the large-scale farms. These farms will very likely go bankrupt if they are unable to overcome their financial difficulties.

[Felix] That is exactly the point. A wave of bankruptcies could place also the lending commercial banks in a difficult situation.

[Rasko] The danger of that happening is indeed real. The banks' portfolios of long-term loans to the agricultural sector total 40 billion forints at present. It would be very unpleasant for the financial institutions concerned if a proportion of those loans were to go bad. As these banks are mostly state-owned, the government must decide how to put their affairs in order.

[Felix] Neat! And have you people also estimated how much unemployment the cessation of a proportion of the agricultural cooperatives will cause?

[Rasko] It would be an exaggeration to blame the Compensation Law for the foreseeably considerable unemployment in agriculture. Of the approximately 1,300 agricultural cooperatives, 400 are hovering on the brink of inability to function. But an even larger reduction of the cooperatives' work force can be expected as a result of the fact that their mandatory obligation to provide employment will cease next year. Consequently, it will be in the cooperatives' vital interest to get rid of their deadwood. According to our estimates, roughly 200,000 persons will become redundant in the agricultural sector during the next three years. But that will not mean a corresponding increase in the number of unemployed persons, because very many new jobs will be created as well. The range of agricultural services could expand. We are also planning to establish a network of agricultural banks. And because we would like land to have real market value, which it does not have at present, a network of mortgage banks is likewise of fundamental importance. These two systems of institutions, in my opinion, could provide employment for several tens of thousands. But it is certain that the number of agricultural workers, 22 percent of the gainfully employed are now working in agriculture, which is four to five times higher than the average proportion in West Europe, will significantly decline already in the near term.

[Felix] The question is how long does it take to develop an effective network of agricultural or mortgage banks?

[Rasko] That is a very long-term process and could take as much as 10 to 15 years.

[Felix] But the money to start farming is needed now. Lacking funds of their own, fledgling entrepreneurs are demanding loans on favorable conditions. What does the new concept have to offer them?

[Rasko] We already have plans but, to tell the truth, we have not yet been able to finalize them with the Ministry of Finance, due to the protracted parliamentary debate on the compensation bill. It is very important, we believe, that the entrepreneurs who qualify be able to obtain loans at half the market interest rate at most, and that the terms of such loans be longer than at present. To facilitate the disbursement of the loans, it would be necessary to create a central system of loan guarantees. I would like to make quite clear that, on the basis of a strict examination of creditworthiness, we intend to help those entrepreneurs who possess the necessary know-how and would like to establish farms of a size that we judge to be competitive.

[Felix] Does this mean that an individual farmer, one with a dwarf holding of five hectares, for instance, would not qualify at all for a loan on favorable conditions?

[Rasko] No, not if he wanted to grow, say, grain.

[Felix] And from what do you intend to finance the loans and loan guarantees for those who qualify?

[Rasko] Essentially from the state budget. But we are relying also on aid from EC countries. The first 10 million ECU's has already arrived under the Phare Program. With the loan-guarantee fund formed also from this aid, we wish to reduce the risk of new entrepreneurs.

Privatization Chief on Scope, Methods, Schedule

*91CH0642A Budapest NEPSZABADSAG in Hungarian
30 Apr 91 p 9*

[Interview with Dr. Tamas Szabo, Finance Ministry political state secretary and chairman of the Cabinet Committee on Ownership and Privatization, by Katalin Bossanyi; place and date not given: "Olive Branch to the Managers"—first paragraph is NEPSZABADSAG introduction]

[Text] It has been ascertained that privatization cannot be directed from the top down by a unicentered bureaucracy. According to Dr. Tamas Szabo, the Ministry of Finance political state secretary, who also heads the cabinet's Committee on Ownership and Privatization, in order to accelerate privatization one must rely on the broadly based initiatives of investors and enterprises.

[Bossanyi] The cabinet will soon review your committee's privatization strategy. It is based on the idea that by 1994 the state's share of property ownership drops below 50 percent, while foreign ownership increases to between 30 and 35 percent. Isn't this estimate overly optimistic?

[Szabo] Not including arable land, the book value of national assets amounts to 2,000 billion forints. Five

percent of this amount will be transferred into private hands in the form of indemnification vouchers in the course of three years. Autonomous local governments will receive 15 percent of the property, while we will transfer to social security about 10 percent of the state's property. The reduction in the value of stock to facilitate employee stock ownership also amounts to about 10 percent. This means that 40 percent of the property previously managed by the state will be transferred to new Hungarian private owners and institutions. And as long as foreign investment trends continue the way they did thus far, the state share of ownership will have already fallen below the 50-percent level.

[Bossanyi] Quite a few lists have seen the light of day showing what would remain under 100-percent state ownership in the long term, the places where you wish to maintain state majority control, and the kinds of activities you would allocate under national ownership where a majority combination state and Hungarian private ownership would be desirable. You allocated several groups of enterprises in the competitive sphere to the latter category. Just what makes the pharmaceutical or the furniture industries, or wholesalers "protected"?

[Szabo] These lists were based on the specialized ministries' recommendations, therefore one can find in these special interests, nevertheless the cabinet will decide based on a proposal to be submitted by the economic cabinet. We want to establish narrow limits for "protected" activities, and the ones you mentioned are not among these indeed. A privatization "list of exceptions" is being prepared, the fair is open in regard to the rest of the enterprises. Our plans call for the transformation of enterprises in the competitive sphere into stock corporations by the end of 1992-93. Whichever enterprise does not move by then will be drawn under forced privatization proceedings by the state, and the state will transform these into single person stock corporations or limited liability corporations.

[Bossanyi] Arguments within the cabinet concerning the management of state property center around three concepts. One also hears about various holding corporations and about the establishment of a new National Ownership Center. Which concept do you support?

[Szabo] The dispute pertains to that part of state property which remains under state ownership only temporarily, and specifically to who should manage such property and in what form. The specialized ministries want to establish holding corporations per industry branch or type of industry, while the government committee favors an approach by which entrepreneurial property management organizations would be established for individual, large vertical integrations, stock portfolios. Personally, I am opposed to holding corporations based on industry branches because these would only cause trust organizing efforts to repeat themselves, and would strengthen the power of specialized ministries. It is my view that we should prefer establishing a few, four or five, functional holding corporations, under

identical starting conditions, more or less. Ownership rights would be exercised over these holdings corporations by a National Ownership Center; its name has not yet been decided. This would function under the government. The method used by the AVU [State Property Agency] could serve as a pattern for establishing the boards of directors of single person stock corporations, but these could also evolve in some different manner. I believe that with respect to board of directors' decisions professional considerations should be strengthened rather than partisan debates.

[Bossanyi] What relationship would there be between the new Center and the AVU?

[Szabo] At present, the AVU acts as both owner and manager, and things do not work this way. In the future the AVU would only deal with the privatization of "movable" state property. It would initiate major programs it pursued thus far with respect to a narrower group of property, and in particular at places where the presence of the state was especially warranted in the course of centrally directed privatization. But it would delegate a majority of the enterprises on a contractual basis to banks, investment and consulting organizations.

[Bossanyi] Accordingly, did your view of management change? Did you perhaps discover that things would not work without them and against their interests?

[Szabo] It has been ascertained that privatization cannot be managed by a unicentered bureaucracy. Not only because that bureaucracy is not sufficiently organized and is not fast enough, but also because it would not be able to exercise improved "public control." This is so not as a result of personal intentions, but for technical reasons. Viewed from a pragmatic standpoint, who would be able to prepare a real privatization strategy for an enterprise? The state or the firm itself, perhaps jointly with its business partners and creditors? I believe that the latter is more realistic. In my view, the rules of the game must be made clear, and the state should interfere only if violations occurred. The way I see it, the negative view with respect to the role of property managers in privatization has been blown up somewhat in the past. In cases of actual abuses one should proceed expediently even by way of courts, but one should seek alliances with the decent majority.

[Bossanyi] What is the size of the group of small and medium-size enterprises which may pursue self-privatization without permission from the AVU?

[Szabo] I would include here 80 percent of the firms. Previously it appeared that it would be appropriate to apply separate privatization methods for small and medium size enterprises. But we took a further step in the course of professional debate. We will not publicize lists of firms [which may pursue self-privatization], but standards. Based on such standards the group of enterprises which may pursue self-privatization will be defined by the number of employees, the value of production and the worth of assets. There is a need for as

many actors in the market as possible in order to accelerate the change in ownership. For this reason, we must continue to break up monopolies and enable the factories and plants of large enterprises to become independent. This is one reason why the government established the demonopolizing committee, whose function it is, among other matters, to establish the standards I just mentioned.

[Bossanyi] The state's nonentrepreneurial assets would remain under treasury management. What is the size of this property, and how do you intend to make use of it more effectively?

[Szabo] A property register is being prepared, it will accurately chart the treasury assets. These assets include national institutions, such as Buda Castle, the parliament, the national parks, the rail and streetcar networks, roads, bridges, waters outside of local government jurisdiction, and the large public institutions. An independent organization within the Finance Ministry manages the treasury assets. Its function involves not only a passive registration of assets, because their job also includes the utilization of former Hungarian Socialist Workers Party and Workers Guard property as well as of Soviet barracks.

[Bossanyi] When do you expect your concept to begin functioning in practice?

[Szabo] The cabinet will render decisions by early summer with respect to the still open questions, and we will submit our legislative package for the fall session of the parliament. This will not be a privatization law, but much rather a code which could serve as a safe guide for both Hungarian and foreign investors. And then we will start out in January 1992.

Lajos Bokros Named as New Budapest Bank Head

LD1806222891 Budapest MTV Television Network in Hungarian 0430 GMT 18 Jun 91

[Text] According to the new chairman-managing director of the Budapest Bank, the bank and the largest owner, the state, should form a more active relationship with the small shareholders. Lajos Bokros, after his election yesterday, mentioned this as being the first and most important lesson.

At the extraordinary General Assembly, the small shareholders unsuccessfully tried to prevent the candidate of the State Assets Agency from becoming head of the bank. Lajos Bokros, who otherwise is considered to be an excellent financial expert, was, in the end, elected to the board of directors, two-thirds of which was completely renewed, and his election essentially went smoothly.

Nuclear Plants: Public Attitude Examined

91CH0600B Budapest NEPSZABADSAG in Hungarian 10 Apr 91 p 8

[Article by Lajos Geza Nagy: "Nuclear Power Plant Tests: They Exist but One Does Not Have To Like Them"]

[Text] Commissioned by NEPSZABADSAG, the Hungarian Gallup Institute conducted an opinion poll between 13 and 20 February 1991 concerning the country's energy situation. The questions were designed in particular to find out opinions regarding the construction of nuclear power plants. The survey population consisted of 1,500 adults in Hungary, age 18 or older.

Here is the summary of findings: A majority of the people is opposed to the construction of nuclear power plants, and if some nuclear power plants were to be built, they would protest the construction one way or another. In regard to whether nuclear power plants should be built in Hungary, people would prefer to obtain the answer as a result of a national referendum or from the National Assembly, rather than from the cabinet or governmental organization.

The results of the survey show that an overwhelming part of the adult population (87 percent) is aware of the fact that the country is faced with energy problems. Almost half the total population regards these concerns as big (48 percent), while one third (34 percent) ranks the gravity of these concerns as medium. Only three out of every 100 persons believe that these concerns are small.

Responding to eight alternatives presented regarding the improvement or resolution of the situation people supported primarily those alternatives which involved energy conservation. Thus, most people (79 percent) "highly" agree with the idea that "energy efficient household appliances be manufactured," and that "energy efficient machines and implements be manufactured in Hungary or imported from abroad" (70 percent). A similar proportion supports the alternative by which "plants and enterprises should save energy" (72 percent). With respect to methods of energy conservation involving people and families however, substantially fewer people view conservation as a solution: only one third (38 percent) of the people agreed with the idea that "families and households should conserve energy."

Substantially fewer people would support the idea of new energy producing investment projects. In this regard the utilization of wind and solar energy constitute the only exceptions. The agreement rate in this respect is 60 percent. Barely one fifth of the populace (17 percent) has a similar view of the construction of thermal power plants, and the number of persons firmly opposed to this idea exceeds one-fifth of the populace (22 percent). A plurality of the people (39 percent) is firmly opposed to (totally disagrees with) the idea of constructing hydroelectric power plants, and the number of those who highly agree with the construction of such power plants is

less than one-fifth of the population (17 percent). The "importation of needed energy from abroad" does not represent a solution either, according to the people. Half the number of people (54 percent) would "quite" or "somewhat" agree with this idea, while the number of persons who firmly reject or firmly support the idea is almost identical (19 and 16 percent respectively).

Nine out of ten people are aware of the fact that a nuclear power plant exists in Hungary, and 85 percent of the people is aware that the nuclear power plant is located at Paks. The opinions of the group responding in the affirmative is highly divided regarding the issue of further expanding the already operating nuclear plant or adding to the existing plant by constructing new blocks. A relative majority (33 percent) would strongly disagree with this idea, while one-fifth (20 percent) would support the idea. (The ones who would be "quite supportive or "a little bit" supportive of the idea are almost evenly split: 21 and 18 percent respectively.)

As the table shows, given a clear cut choice between agreeing or disagreeing, that people would "support" the expansion of the Paks Nuclear Plant to the same extent as they would support the construction of new thermal power plants, and more than they would support the establishment of new hydroelectric power plants. Suffice it to make reference to the societal reaction evoked by the construction of the Bos-Nagymaros barrage relative to the latter alternative.

A majority of the population firmly rejects the construction of nuclear power plants anywhere in the country: 55 percent would not at all agree with the idea that nuclear power plants be built in the country to improve or resolve the energy situation. The number of persons with a "permissive" attitude, those who would "somewhat" or "quite" agree with the idea of constructing nuclear power plants represents equal proportions of 15 percent each. The number of those who firmly support nuclear energy, the ones who highly agree with the idea of constructing nuclear power plants amounts to barely one-tenth (8 percent) of the populace. (The ratio of those not providing a response was 7 percent.)

A strong relationship exists between the rejection of the idea of possibly constructing a nuclear power plant and the distance from the possible nuclear power plant. The closer the possible nuclear power plant would be to the settlement where people live, the greater the rejection of plans to build a nuclear power plant.

Societal and demographic variants included in the survey played a role primarily with respect to views expressed concerning the construction of nuclear power plants. From among these variants two played a particularly great role: the respondent's gender and his educational level. Women would reject nuclear power plant construction more than men, irrespective of where in the country such plant would be built.

People with higher education, and decisively those who hold diplomas reject the idea of nuclear power plants to

a lesser extent than persons with a lower level educational background. However, all of this does not mean that they would favor nuclear power plants.

With respect to the construction of traditional power plants, those who hold diplomas are less permissive than other population groups. This is particularly true in regard to the construction of hydroelectric power plants where the agreement index is 26. The ratio of people who "one way or another would protest the possible construction of a nuclear power plant" is virtually the same as the ratio of those who completely disagree with the idea of constructing a nuclear power plant. On the average, half the number of the population (54 percent) claims that it would protest, while the group claiming the opposite represents 33 percent on the average. (Eight percent did not respond.)

In a manner similar to the above, the ratio of those who would possibly protest depends on the distance between the possible nuclear plant to be constructed and the place where the people live. In the immediate vicinity, "here where you live," would prompt the largest proportion (66 percent) of the population to protest. The ratio of those who expressed any kind of opposition decreases as the geographical distance increases. The fewest number of people would register protest if a nuclear plant was built somewhere in Hungary, or in one of the nearby countries, close to the border, but even then: four out of ten people would protest, according to their own statements.

Nevertheless, the attitude by which people would choose to "protest in every way" is most pronounced in the social strata which would most strongly reject the construction of nuclear power plants, and whose members regard the environmental and health effects of nuclear power plants as most dangerous.

At the peak of the Bos-Nagymaros crisis, but even since then a countless number of times, the following question has been raised: Who should make decisions regarding similar issues which affect the country as a whole? In the framework of the present survey the Gallup opinion poll raised this question relative to the construction of nuclear power plants. People were presented a card with a list of 10 institutions, and were asked which of the 10 institutions "should make a final decision as to whether a new power plant should or should not be constructed in Hungary," and, "the opinions of which institutions should be heard prior to making a decision."

People were strongly divided with respect to final decisions, they were less firm, their views were less crystallized. Despite this fact it was certain that most people would not entrust final decisionmaking to the executive branch and its organizations, but to a nationwide popular referendum (28 percent) or to the legislators, the National Assembly, (18 percent). The smallest number of people (2 percent) would leave the decision to foreign experts, to local governments (2 percent) to the Ministry of Industry and Commerce (3 percent), or to local referendums (6 percent). A slightly larger number of people feel that final decisions in this regard should be within the authority of the cabinet (8 percent) or of the Ministry of Environmental Protection (9 percent). But a

similar small number of people would leave the decision to independent Hungarian experts (10 percent) or to scientists (11 percent).

The opinions of professionals should be heard prior to decisionmaking. This is expressed in the framework of responses which show that an almost identical ratio of people would most highly agree with the idea that views of scientists, foreign experts and the Ministry of Environmental Protection be heard (42, 43, and 38 percent respectively). One-third of the persons asked (32 percent) would seek the opinion of Hungarian experts. One-fourth of the people feel that the opinion of the "people" should be heard (local referendum: 27 percent; national referendum: 24 percent). The smallest number of people (15 percent) felt that it would be desirable to hear the views of local governmental bodies, the cabinet, the Ministry of Industry and Commerce and of parliament.

Public opinion is similar relative to the expansion of the Paks Nuclear Plant. A majority of those aware of the existence of a nuclear plant at Paks would hear the views expressed in the course of a popular referendum or by the National Assembly (22 and 18 percent respectively). The same number of people mention the cabinet as those who mention independent Hungarian experts and scientists (10 percent). Also in this case, they would leave the expression of opinion primarily to experts, and to the least extent to the executive branch or to the National Assembly.

**Alternatives for Improving the Energy Situation
(in percentages based on indexes showing
the extent of agreement)**

Household appliances	93
Conservation in plants	89
Energy efficient machines	88
Wind and solar energy	84
Conservation at home	66
Construction of thermal power plants	48
Energy from abroad	48
Expansion of Paks	45
Construction of hydroelectric plants	37
Nuclear plants in Hungary	33
Nuclear plants in bordering countries	30
Nuclear plant in neighboring county	26
Nuclear plant within the county	23
Nuclear plant in neighboring city	19
Nuclear plant at the place of residence	16

* Index: 0 = full disagreement; 33 = some agreement; 66 = medium support; 100 = high level of support.

Source: Hungarian Gallup Institute, 1991

**Do Nuclear Power Plants Present a Great Threat to the
Environment Than Traditional Power Plants?
(distribution of responses in percentages)**

Very dangerous	49
Same danger	19
Less danger	15
No danger	7
Does not know	10

Source: Hungarian Gallup Institute, 1991

**Independent Trade Union League Finds
Academy**

91CH0607A Budapest BESZELO in Hungarian
11 May 91 pp 18-19

[Interview with economist Tamas Reti, the Academy's director, by -up-; at the Budapest headquarters of the Democratic League of Independent Trade Unions, date not given: "To Provide a Service"—first paragraph is BESZELO introduction]

[Text] More and more is being said these days about the importance of trade unions and their work. But employers usually show very little interest in any kind of trade union activity. The various interest-representing organizations often make desperate efforts to overcome this apathy. It would be important that, in the painful period of so-called economic restructuring, well-trained and articulate employees defend their rights and represent their interests, as soon as possible. The Academy of the Democratic League of Independent Trade Unions is attempting to provide assistance to that end. At the League's headquarters on Gorkiy Avenue, we interviewed the Academy's director, economist Tamas Reti, about the Academy's activity.

[-up-] This so-called League Academy. What can it do?

[Reti] It is an institute founded by the Democratic League of Independent Trade Unions, to provide training in the representation of interests. The idea of establishing it came from Pal Forgach, who in his youth was active in a similar Workers' Academy. Our Academy was founded in the autumn of 1989. We thought it very important to train activists for the independent representation of interests. The importance and significance of trade unions and trade union work have declined considerably in Hungary, due primarily to SZOT's [National Council of Trade Unions] record. But it must be admitted that, regrettably, the trade union movement has not found its place in politics during the past year, either. One reason why this has practically become a cliché by now is that no change of regimes has occurred at the workplaces. Another reason is that the trade unions have been labeled as passive institutions, interested merely in redistribution. People in Hungary today associate flexibility, initiative and flair for innovation solely with the activity of independent entrepreneurs.

[-up-] What is the League doing to overcome the evolved prejudices?

[Reti] If we examine the postwar history of the trade unions in West Europe, for instance, we distinguish two periods. In the first period, the entire trade union movement was in an upswing, and the unions were fighting primarily for higher wages. They did so in the name of a leftist, Keynesian demand-stimulating ideology, in rapidly growing economies, amidst increasing prosperity. This trade union orientation, based on wage demands of the bread-and-butter type, lasted until the mid-1970's, when a radical renewal, a structural transformation, took place in the Western market economies. From then on, a kind of negative assessment of trade union activity began to evolve within society. The trade unions were accused of generating inflation, and of being interested only in redistribution.

Policy of Self-Restraint

Due to the economy's decline, this earlier, socially expansive, "demanding" mode of behavior has become conspicuous in trade union work in Hungary during the past two years. We feel that in this respect the League is pursuing a policy of self-restraint. Instead of social demagoguery, it has chosen moderation. In the negotiations on the reconciliation of interests, for instance, we were the ones who temporarily accepted central wage regulation. We think that the liberalization of wages would pose grave dangers amidst the present relations of ownership. At the same time, we also recognize that it would be a suicidal policy on our part to offer self-restraint without getting anything in return. The questions that come before us are not really issues that influence or require decisions. A sort of confusion of roles and a lack of competence are also perceptible. Actually nobody dares to make decisions and accept responsibility; not the government, nor the trade unions, nor the employers. Naturally, the government is the strongest of the three. I think it is very important for the League to offer instruction that will help to prepare its activists for the peculiar situation evolving here in Hungary.

Fragmented Employee Stratum

[-up-] What are you teaching your students?

[Reti] The courses that the League's Academy offers include course in labor law, in the Labor Code. Other courses help to develop skills in negotiation and self-expression. Yet others are devoted to the theory and practice of collective contracts. First of all our activists must be taught self-confidence. To believe that the work they are doing is not as uninteresting as public opinion generally considers it to be. We believe that it is in the national interest to be able to express the employees' views without causing explosions, and to bring them to arbitration through some sort of channel. By all means, we must impart primarily trade union consciousness and legal knowledge to our members. And we must teach

them something very important—not to be afraid. It would be useless to deny that there still is considerable risk in volunteering to work for an independent trade union. We, too, know of dismissals. People place no trust in solidarity, in the joint representation of interests. These values have not gained acceptance. Yet I feel that it would be also in the employers' interest to negotiate with trade union members who are trained, know their rights well and are not afraid, because such members are more likely to present realistic demands.

A Service Enterprise

[-up-] How much interest is there in your courses?

[Reti] Unfortunately, we are not doing well in that respect. For instance, we announced a course on the questions of privatization, from the employees' viewpoint. We expected that to be a popular subject. But so few people enrolled that we had to postpone the course. We have been forced to realize that people are reluctant to believe that something could depend on them as well, that they too could do something on their own behalf. In most cases, however, enough applicants enroll to meet the minimum requirement regarding class size. Primarily the League's activists are attending our courses, but the courses usually have open enrollment and are free to anyone interested in them.

[-up-] Where are the courses being held, and who are the instructors?

[Reti] In addition to the League's national headquarters on Gorkiy Avenue, also at our regional centers in provincial cities. We have good contacts with the local workers' councils, and they often help us organize and conduct the courses.

We encounter many problems in conjunction with recruiting our teaching staff. For obvious reasons, instruction of this type has no traditions in Hungary. In itself, it is not enough to be a sociologist, psychologist or a former dissident to qualify. Actually we, too, are learning while teaching. We are trying to find out how this should be done. Of great help to us are the instructors of the American and Western trade unions who are working regularly in our country.

[-up-] How are you able to finance the costs of instruction?

[Reti] We are running the Academy predominantly on German, Swedish, Italian, Austrian, and American aid. Actually the League's Academy is an "enterprise for investing in, and servicing, human capital." Its investments are recovered in the long term.

'Crisis' Symptoms Increase in Healthcare Sector

*91CH0608A Budapest HETI VILAGGAZDASAG
in Hungarian 4 May 91 pp 79, 81*

[Article by Dr. Ferenc Donath: "Hospital Autonomy: Crazy Polyclinic"—first paragraph is HETI VILAGGAZDASAG introduction]

[Text] Patients are increasingly dissatisfied with their doctors, and with healthcare workers in general. The latter, in turn, are increasingly dissatisfied with their working conditions and salaries. On top of all this, relations between owners, some of them new ones, and staff are still unclear. In the opinion of the author, a practicing physician, autonomy for the healthcare institutions would do much toward solving the problems of "power."

Healthcare in Hungary is showing symptoms of a crisis. They include chronic symptoms, as well as symptoms that have appeared only in recent months.

That the healthcare personnel is underpaid, for instance, is a chronic problem. But the unemployed plant physicians, young doctors starting their careers and, to an increasing extent, hospital doctors can be expected to become yet another chronic process. Neither the interest-representing organizations nor the owners, typically, local governments, are able to handle these problems of livelihood, mainly because neither side has fully evolved as yet. An indication of the lack of official interest, and of letting the problem take care of itself, is that neither the joint data base of the Ministry of Labor, National Labor Market Center, and the Ministry of Finance, nor the Ministry of Social Welfare has information on unemployed doctors and other healthcare personnel.

It is now nearly six months that the institutions have new directors, but there is neither a possibility nor a sign of any improvement in the institutions' efficiency. The new directors' measures that, for instance, ban all new investment or—note well—threaten to monitor telephone calls are short-sighted. Meanwhile, patients occupying expensive beds in our internal-medicine wards, not because of illness, but because they are old and feeble, cannot be transferred to the cheaper nursing wards, due to their shortage of beds.

The Law on Local Government is already in effect; the draft law on Budapest has yet to be enacted. In regulating the relations of ownership, they both assign to municipal districts the real estate and movables that are committed to out-patient care. Moreover, the draft law on Budapest wants to give the Budapest districts title also to the hospitals on their territory, if the districts so desire.

The changes in ownership are creating a new situation between the personnel and the owners of healthcare institutions. The elements of worker self-management can become real only if a consensus emerges between the local government and the given institution. The doctors' continually worsening [financial] recognition, and the

absence of organizations representing their interests are barriers to such a consensus. So is the promise of comprehensive government reforms, because it encourages waiting instead of taking action. And the conflict between the 13th District of Budapest and its board of district physicians could recur elsewhere as well. In the administration of its healthcare system, the Angyalföld [the 13th] District has reserved for itself the right to decide institutional and personnel questions. It has thereby withdrawn recognition from the board of district physicians as a negotiating partner of equal rank. Which means, according to the board, that the operations and the managements of the healthcare institutions will bear the imprints of whichever political party happens to be in control of the district, reflecting the momentary party interests and dominant party ideology. All that is in conflict with the public's interest; for what the public wants is an efficiently operating healthcare system that is not affected by how the balance of political power develops.

In any event, the government's already outlined intentions [to institute comprehensive reforms] provide an opportunity to assert elements of self-management. For instance, it would be warranted that the collective of a healthcare institution implement independently the changes that provide the foundation for privatization, for creating hospitals of modern size, and for reinforcing the elements of medical insurance. There ought to be internal decisions on whether the hospital-polyclinic complexes, which had been operating separately in the past but were merged in 1975, should again separate and to what extent. Decisions regarding cooperation between institutions in providing consultations by specialists should likewise be left to the specialists directly concerned, or at least their boards should be consulted. Limited opportunities should be provided for starting independent businesses, which again should be left to the decision of those directly concerned. The results of all this would be primarily economic, through small rather than large businesses, the institutions would obtain additional resources, and healthcare's embryonic labor market could emerge and then gradually develop. And by no means negligible is the political sympathy that a local government could gain among healthcare workers through such measures that are entirely self-evident.

All this would not infringe on the local government's rights as owner. Indeed, if the hospitals and polyclinics could preserve their prosperity in this manner, it would also mean their retention under local government ownership. It would not be in the local government's interest to grant its hospital autonomy only if the local government intended to sell the institution to obtain one-time income from the sale. But that could not be reconciled with the residents' long-term interests. In the case of those forms of privatization under which the workers or their groups buy or lease hospital units, support for limited institutional autonomy could serve as a direct incentive.

In Great Britain, the law reforming the National Health Service became effective on 29 June 1990. Practically within days thereafter, 12 healthcare units became self-managing. They include St. James Hospital, the largest teaching hospital in Europe. Although it is a state hospital, it is able to dispose of its assets, obtain loans and create an internal market for services, as if it were in the private sector. There, too, they expect greater efficiency and better quality from this reform. Both are sorely needed in Hungary as well.

Unemployment Grows Rapidly Among Professionals

91CH0608B Budapest NEPSZABADSAG in Hungarian 10 May 91 p 7

[Article by Janos Czingraber including interviews with an unemployed chemical engineer identified as "E" and with two officials in Veszprem; date not given: "Unemployed Professionals"]

[Text] In Veszprem County there are presently 233 graduates of higher educational institutions who are receiving unemployment compensation: chemists, mechanical and electrical engineers, agronomists, and army officers. Their numbers are rising rapidly. Once a month they have to "check in" at the labor office. Their names are kept confidential, therefore, they are hard to find. It was difficult to get an interview from the one or two whom I was able to reach through personal contacts. The wife of one barred my way. Her husband was depressed, she said, requesting that I abandon any attempt to find him. The other one, an old acquaintance, refused to answer the door, despite repeated requests. Yet, suspicious rustling could be heard from the apartment after I rang the doorbell.

Minimal Likelihood

The man who finally agreed to be interviewed insisted that his name not be published. He is ashamed of his situation and does not want to complain. Nevertheless, he answers my questions willingly, because he thinks it will be worthwhile to publish the sad experience he has gained as an unemployed professional. He is a chemical engineer and a doctor of technical sciences. He also has another diploma, and a certificate of intermediate proficiency in the German language. Initially he had been a researcher and then became the chief of personnel at a scientific institution that has since gone bankrupt.

"I am 51. Once he is out on the street, the likelihood that a person in my age group will find another job is minimal," he says bitterly. "Look at the ads inviting applications for vacancies. The upper age limit is 40 to 45, rarely 50. It is hopeless for anyone over 50 to find employment."

He takes out a folder containing his applications for advertised vacancies. The answers he received are hauntingly similar: His qualifications are suitable, but he could not be considered because of his age.

He closes the folder and continues dejectedly:

"Write that there is no question whatever of being adequately protected by a welfare safety net. We are completely defenseless. Unemployment compensation does not provide protection. What we would need is help in making a fresh start. If an enterprise goes bankrupt in the West, helping the laid-off workers with information, severance pay and business loans is regarded as a fundamental task. In our case the receiver laid off first of all the staff of the personnel department who, being familiar with each person's knowledge and ability, could have helped the other workers in finding jobs."

Loan, Collateral

All the chemical-industry plants and research institutes in Veszprem County are on the brink of bankruptcy. One could go into business for himself. But that requires mainly money, among many other things.

"If at least it were possible to get one's annual or semiannual unemployment compensation in one sum...." says my host. "When I go to the bank and apply for a loan, they immediately ask me what collateral I can put up to guarantee repayment. Of course, my old Dacia is not enough collateral for the bank. But aside from that car, I have only my apartment to offer. Once a month at the labor office, they tell me pleasantly that there is no job available for me, and I get my unemployment compensation. This is how it has been going on since January. And the state calls this managing unemployment!"

[Czingraber] How do you spend your time?

[E] I write applications for the advertised vacancies and read the professional literature. I would hate to fall into the same psychological state that some of my unemployed acquaintances are in. More than one of them have become addicted to alcohol. Fortunately, my children are building homes of their own, and that gives me plenty to do to keep busy. I am not yet ready to apply for a job as a doorman.

[Czingraber] Are your friends able to help you?

[E] All I can expect of them is their sympathy. Most of them, incidentally, are in jobs where the same misfortune as mine could befall them at any moment.

Two years ago the Heavy Chemical Industry Research Institute in Veszprem still employed 140 university and college graduates. Their number now is about 30. A few have found jobs elsewhere, but many have been forced to take early retirement. Gyorgy Keller, the institute's acting director, knows exactly how many are now unemployed:

"The existence of scores of biologists, computer engineers, chemists and agricultural engineers has become uncertain. We have an outstanding group of engineers who are still working together today, but perhaps we may have to let them go tomorrow. The ones who qualify for

pensions are fortunate. Many of the professionals still working here are forced to haul bags and to package shipments."

Becoming Redundant

With Lajos Szente, the chief of Veszprem County's labor office, we are discussing a cliché we have been hearing for years. In the past we were told constantly that if there should ever be unemployment also in our country, it would affect primarily the unskilled strata; an educated person had nothing to fear. But now large numbers of such graduates are becoming unemployed, and specifically they are the ones whom the office is least able to help.

"Unfortunately, that is true. We have 260 vacancies on file, and a diploma is a requirement for merely eight of them. It is primarily the unskilled youths who are able to participate in the retraining programs. The professionals

from the mines, construction enterprises, and agricultural cooperatives are in a difficult situation. There is not a single vacancy for physicians, and hardly any vacancies are advertised for teachers. Kindergarten and grade-school enrollment has declined sharply. Fewer parents are sending their children to daytime schools for pupils, because the subsidized fees have been raised. Short of funds, local governments are closing down one group after another, which means that a smaller staff of supervisors will be needed."

According to Lajos Szente, unemployment awaits a significant proportion of the students graduating from university or college this year. To put it mildly, there is an imbalance between the training of professionals and the actual demand for them.

There is just one thing we still need to know: What should a country do with its redundant professionals?

POLITYKA Weekly News Roundup: 12-18 May

91EP0503A Warsaw POLITYKA in Polish No 20,
18 May 91 p 2

[Excerpts]

National News

[passage omitted] On the first anniversary of the formation of the party, the Main Political Council of the Center Accord published a declaration "On the Revitalization of the Republic." Among other things, it says: "Poland has bogged down in the transition from communism to democracy and a modern market economy.... The social base for reform is constantly shrinking.... The prestige of the state is declining. It is losing control in such important spheres as security, justice, the economy, and administration."

The Sejm adopted an election law for both chambers of parliament. The Senate law was voted on twice and finally, by one vote, it was passed in the majority version presented by the Senate which is based on the election law for the Senate of June 1989. The Sejm law was adopted in the version of the Constitutional Commission with only slight corrections. [passage omitted]

At a Unification Congress in Warsaw, the Democratic Union [UD], the Citizens Movement-Democratic Action [ROAD], and the Forum of the Democratic Right [FPD] combined. The new party, called the Democratic Union [UD], has in all approximately 12,000-13,000 members. Its leader is Tadeusz Mazowiecki, the only candidate for the position. He received 556 of the 6 valid votes [as published]. He deputies are: Wladyslaw Frasnuk, Aleksander Hall, and Jacek Kuron. The congress adopted a program document "A Pact for Poland."

Party X held its first congress. The program calls for building a market economy, gradually liquidating unemployment, developing domestic agriculture, industry, and crafts, and providing general access to education, culture, and social services. Stanislaw Tyminski is the party chairman. [passage omitted]

This year's peasant day, organized by the Polish Peasant Party, began with a Mass in Walowice. Roman Bartoszcze, the party president, presented a dramatic appeal in his speech: "Will our state not become the beggar of Europe?" He warned that "if there is no improvement in the economic situation, we face a great social explosion." He claimed that "agriculture should become the driving force of the entire economy." Earlier, at a press conference, Bartoszcze, said: "I think that the next few weeks will bring a change in the government and the political and economic plans of the state. In its current form, the government is unable to direct the economy."

At a press conference, Henryk Majewski, minister of internal affairs, declared that it is impossible to reveal agents of the former Security Service, intelligence, or militia. That is done in no country. There are only two cases in which the secrecy of such information can be

violated: murder and treason. "It is in the strategic interest of the state," said the minister, "to protect such secrets forever." The minister said that he will not allow an organized "hunt for Red witches" for election purposes (so-called de-communization) to take place in the Ministry of Internal Affairs. Marian Zacharski is an ace of Polish intelligence, whose name must be defended. (We recommend the sketch in SWIAT about this Polish intelligence agent who operated in the United States, currently a director of Pewex.)

There was a 6-trillion zloty [Z] deficit in the State Budget during the first quarter. Expenditures were Z53.7 trillion; income was Z47.7 trillion. Income from income taxes amounted to 10 percent of the annual target. The main reason for the result lies in the recession and the sudden reduction in the level of enterprise profitability. W. Misiag, deputy minister of finance, presented a report to the deputies and also stated that there had been no violation of the budget or of the budget laws.

Andrzej Drzycimski, presidential spokesman, responded to the declaration of his Soviet counterpart, Vitaliy Ignatenko, who stated that Lech Walesa's visit to the Soviet Union had been delayed by the Polish side. A. Drzycimski declared that the president is implementing his scheme in accordance with the reform conception. This plan includes the visit to the Soviet Union, which has been agreed upon. An agreeable date will be settled through diplomatic channels. Two days earlier, the spokesman said that besides the visit to Israel no other visit can be considered prior to the pilgrimage of Jan Pawel II.

Lech Walesa has received a letter from George Bush, the president of the United States. In the letter, the head of the administration of the United States, discusses the recent visit of the Polish guest. "The United States stands firmly at your side as you face future challenges, in the spirit of good will and friendship—values, which our peoples have long recognized."

The presidents of both journalist associations comment in RZECZPOSPOLITA on the critical evaluation of the journalist community at the recent conference of the Episcopate. Maciej Ilowiecki (Association of Polish Journalists): "It is a normal event in a normal public life. The bishops have the right or even the obligation to evaluate various aspects of public life from the point of view of Christian ethics. Not all of their judgments and opinions have to please everyone." Marian Podkowinski (Association of Journalists of the Republic of Poland): "As a journalist performing his public obligations for half a century and a believer, I was amazed and disturbed by this communique.... Issuing criticisms and censoring others in a democratic state will solve nothing. As yet I have not seen the church make any attempt to establish a dialogue with the press. It seems to me that the time for judgments from the sidelines has passed."

On 29 June 1991, there will be an extraordinary congress of the Polish Peasant Party [PSL]. It will last one day; the

delegates themselves will cover their travel costs. The only cost covered by the party according to official plans is the rent for a hall (at the Polytechnic) for 1.5 million zlotys.

Grzegorz Wojtowicz, the president of the National Bank of Poland, told RZECZPOSPOLITA that he intends to limit the number of different banknotes in circulation. At present, there are 16. The 200,000-zloty note will be withdrawn; the number of 20,000-, 2,000-, 200-, and 20-zloty and 10-zloty notes will be reduced. Ten denominations will remain in circulation. In 1992, there will certainly be a redenomination of the currency; the new 1 zloty will equal the current 1,000, and 1 grosz, the 10 zloty. [passage omitted]

From a survey by the Public Opinion Research Center: how much per capita must you earn in order to meet your basic needs?—800,000 zlotys. In order to live at an average level and save a little?—1.2 million zlotys. In order to live comfortably with no financial problems?—2 million zlotys. The survey was conducted in the middle of April 1991 on a random sample of adults.

TRYBUNA discusses an article in the Swedish daily SVENSKA DAGBLADET that warns of an AIDS epidemic in Poland. Since 1989, the number of AIDS cases has risen more than 10-fold and is continuing to grow. According to unofficial data, nearly half of the 100,000 Polish drug addicts carry the virus. "The position of the church, which permits the use of condoms only within marriages in which one of the partners is HIV infected, is not making the situation any easier," writes the Swedish paper. [passage omitted]

On the Press Market

The Liquidation Commission for the Workers' Publishing Cooperative has sold three titles—PRZYJACIOLKA, ZYCIE GOSPODARCZE, and PRAWO I ZYCIE—to the partnership Oferta dla Kazdego, formed by the three editorial staffs, for 8 million zlotys. The political weekly CENTRUM associated with the Center Accord [PC] has appeared on news stands. Its press run is 15,000 copies. GAZETA WYBORCZA has celebrated its second anniversary; the anniversary issue was sold for the price of the first issue—50 zlotys. Today the price is 700 zlotys. The press run reaches 400,000 to 450,000 copies. Since its inception, the editor in chief has been Adam Michnik. On this occasion, the paper recalled those who have left: Krzysztof Sliwinski, now ambassador of the Republic of Poland to Morocco; Wojciech Adamiecki, press attaché at the Polish embassy in Washington; and Janusz Reiter, ambassador in Bonn.

Who's Who

Stefan Bratkowski is president of the Czytelnik Publishing Cooperative; his predecessor, Jerzy S. Sito, the poet and playwright, is now ambassador to Denmark. Bratkowski will continue to edit NOWOCZESNOSC. He told ZYCIE WARSZAWY: "I have never feared new

challenges. I also do not fear for NOWOCZESNOSC, whose able journalists have a sense of historical mission." Piotr Szczepanik, the singer ("Yellowed Calendars", "Cormorants"), has been named head of the group for cooperation with creative artists in the presidential chancellory. Tadeusz Wasilewski (age 58), historian, member of Solidarity at Warsaw University, has been named ambassador to Bulgaria to replace Gen. Wladyslaw Pozog.

Opinions

Antoni Maciarewicz, deputy president of the Main Board of the Christian National Union [ZChN]:

(From a press conference in Wroclaw, GAZETA ROBOTNICZA 15 April 1991)

[Question] You are an advisor to the president for security. Today, what does that mean?

[Answer] I do not have such a clearly defined range of duties, although to be sure my field of interest is state security affairs. And what does that mean? Primarily, the condition of the Polish Army and the special services.

[Question] The Christian National Union [ZChN] has mentioned the need to remove former employees of the Security Services from the parliamentary level and to examine candidates for the Sejm and the Senate. Have such examinations been carried out within the Union?

[Answer] The process is not to apply to everyone, but only to those who decide to run for parliament.

Stanislaw Tyminski:

(Interviewed by Piotr Gajdzinski, WPROST 5 May 1991)

[Question] You appeared during the presidential campaign as the personification of the myth of America. Will you now find 460 similar people who will be able to convince the voters?

[Answer] I think the members of Party X will find honest, competent people. The party will hold elections among candidates for candidates. Our representatives must be the best of the best. And they will be.

[Question] Will Stanislaw Tyminski be one of these candidates.

[Answer] No. I do not have the temperament and personality of a parliamentary politician. You have to be born with it; it is not for me. In any case, the Sejm and Senate will do everything to deprive me of my basic civic rights. Clearly, they fear my presence on Wiejska Street, since for many weeks, they have been thinking about how to eliminate one person. It is laughable. [passage omitted]

POLITYKA Weekly News Roundup: 19-25 May

91EP0532A Warsaw *POLITYKA* in Polish No 21,
25 May 91 p 2

[Excerpts]

National News

The Sejm has decided not to examine a package of items associated with the so-called antiabortion laws, the proposed resolution for a referendum and two proposed laws, on the protection of a conceived child and the right to parenthood, on the protection of human life and circumstances permitting abortion. The Sejm resolution, presented by the Parliamentary Club of the Democratic Union [KPUD], also raises a number of proposals for the government and the Constitutional Commission (among other things it demands a care plan for mothers, children, and the family, a program for sex education, a change in the law on the medical profession which allows abortions in private offices, and revocation as soon as possible the law of 1957 which permits abortions). There were 208 votes for the law, 145 against, and 14 abstentions.

The National Conference of the Liberal-Democratic Congress elected the party officers: Donald Tusk (age 32, a journalist) was elected chairman of the Main Board; Prime Minister Jan Krzysztof Bielecki was elected head of the Political Council. The conference asked the liberal parliamentarians to leave the Citizens Parliamentary Club [OKP] and form their own parliamentary club.

The copper miners' strike has ended. A protocol of agreements was signed; the strikers agreed to make up for the losses caused by the break in work. The miners will receive a wage increase after the copper works are privatized; however, the Miners' Trade Union will supervise the implementation of the retirement and pension desires. NSZZ [Independent Self-Governing Trade Union] Solidarity opposed the strike. [passage omitted]

Supplementary elections to local governments were held in 520 districts in 62 gminas. There were 1,345 candidates nominated, of whom 1,053 described themselves as "independent"; 65 were nominated by citizens committees; and 19 by a coalition of the Center Accord [PC] and NSZZ Solidarity. Of the 519 elected, 32 were from the citizens committees, seven from the coalitions, six from the Polish Peasant Party [PSL], and five from the Confederation for an Independent Poland [KPN]. The turnout in the rural areas was 45 percent; in small towns two to five percent [as published]. In 1990, the cost of elections per candidate was about 25 million zlotys [Z]; this year it increased to 240 million.

The Social Democracy of the Polish Republic [SdRP] held its first National Convention. According to information presented to the participants, the party has nearly 60,000 members in 2,587 chapters. There are 784 council members in the SdRP, and more than 4,000 council members say they are sympathizers. There are 23

deputies who are members. Of the members, 70 percent live in urban areas, and 67 percent of the party members are older than 30. Intellectuals make up 33 percent; while retirees and pensioners make up 32 percent. Workers make up more than 18 percent of the party, and farmers 12 percent. Individuals with a secondary and higher education predominate in the SdRP. The SdRP will go into the elections in an alliance, which can be made up of the Social Democracy of the Polish Republic, the branch trade unions, and Wlodzimierz Cimoszewicz and his electorate. Forces of the left with whom it is unable to form an alliance will be offered pacts of nonaggression. [passage omitted]

If the antiabortion law went into force, according to an estimate by the Central Office for Planning, in 1992, 850,000 children would be born, 300,000 more than in 1991. An additional 1.2 trillion zlotys would be needed for health care and Z1.9 to Z2.5 trillion for welfare services.

Primate Jozef Glemp, in an interview for PAP: "I think that even the politician most favorably inclined toward the church cannot cease viewing the church somewhat in an instrumental way, cannot cease counting on its support. If, on the other hand, the church wants to serve the world, people, to serve the promotion of good and justice here and now, then it cannot fear the roll of an instrument in a good cause. The divine and human issues are never hermetically isolated from one another but penetrate one another. It is a fact, however, that certain political groups are seeking assurance, are striving to support themselves with the prestige of the church. Here we are very careful. The church cannot allow itself to be drawn into direct political action; in this respect, there is never enough watchfulness." [passage omitted]

The minister of internal affairs responded in the Sejm to a motion by Deputy J. Beszta-Borowski calling for the revelation of the names of the deputy-agents of the Ministry of Internal Affairs. Minister Majewski said that "for legal, moral, and sociopolitical reasons, he will not reveal the list." He added that in 1944-89 about 3 million individuals came under the operational interest of the Ministry of Public Security, the Security Administration, and the Security Service. The minister also responded to an interpellation by Deputy Jan Lopuszanski that the protection given the deputy "is not being done at the cost of the other residents of Radom." A uniformed police officer stood in front of Deputy Lopuszanski's house from 0800 to 2200 hours; the school and preschool which J. Lopuszanski's children attend were also guarded. [passage omitted]

The Center for Research on Public Opinion concerning television. The programming is getting steadily worse. The series programs and entertainment programs get the lowest ratings: 53 percent judged the series programs weak (in July 1990, 15 percent) and 38 percent as good (in 1990, 80 percent). Entertainment is considered weak by 61 percent, good by 28 percent. In July 1990, 39 and 48 percent respectively. Among the daily news programs,

"Wiadomosci" at 1930 hours has the largest audience (56 percent); then "Teleexpress" (46 percent), and third is "Panorama Dnia" (36 percent). [passage omitted]

Prices for medicines have increased by an average of 34 percent.

Minister Lech Kaczynski, secretary of state in the president's chancellery in an interview for the weekly CENTRUM (No. 9): "The second problem is the issue of the influence of the OPZZ [All-Polish Trade Union Agreement], a typical communist structure, which acts to take advantage of the freedom of the new order. It would be difficult quickly to undertake an action to delegatize it. Until now that cumbersome, large structure has played practically no role. The membership of the OPZZ has been completely passive. Characteristically, attempts to sow strikes by the OPZZ have, with few exceptions, met with no success. But now the situation can change." The presidium of the OPZZ council protested against this comment in an open letter to the president: "The comment by a minister of the presidential office is repulsive. It testifies to the preparation of a plan to delegatize democratic structures formed at the wishes of its members." [passage omitted]

A survey by the Public Opinion Research Center done especially for GAZETA WYBORCZA: 49 percent thinks that abortion should be allowed by the law "in certain, well-defined cases," 19 percent think that abortion should "always" be "prohibited by law regardless of the circumstances," and 31 percent thinks that it should be "allowed regardless of circumstances." Of the respondents, 60 percent think that there should be no punishment for abortion, and 27 percent think there should be punishment. (Of these, 80 percent say punish the doctor, 78 percent favor punishing the mother, and 69 percent the father.) More than half the respondents (56 percent) think that contraceptives are hard to get and their supply should be increased (only 3.5 percent think supply is too great and should be reduced.)

The prime minister has removed Marian Krzak as president of the National Bank's General Savings Bank and assigned his duties to Stanislaw Pietrasiewicz, currently a director and member of the bank's board. [passage omitted]

Opinions

Janusz Palubicki, chairman of the Wielkopolska Regional Board of NSZZ Solidarity:

(Interviewed by Andrzej Machowski, GLOS WIELKOPOLSKI 10 May 1991)

[Answer] I think the question of a referendum on abortion is worth a comment. I was surprised and dismayed by the position of the Episcopate. It seemed to me and still seems to me that regarding difficult issues of great significance to the entire nation the only solution is a referendum.

[Question] There is blunt talk that a referendum cannot be permitted.

[Answer] If some one says a referendum is not permissible, he either wants to close the people's mouths or for some reason he is not interested in the people's opinion at all. We did not fight for freedom and democracy for so many years in order to have someone again be more important than the will of the people. The issue of abortion is too important, in my opinion, and also—taking into account not only the moral but also the social aspect—too complex to employ simplifications or the personal convictions of selected individuals or institutions in resolving it.

Marek Edelman:

(Interviewed by Piotr Andrzejewski, WPROST 12 May 1991)

[Answer] I think the giving of the Ringelblum archive to the American Holocaust Museum is irresponsible or at least shows a lack of respect for Polish culture. What Ringelblum wrote about was a purely Polish problem. Can you imagine what it would be like if Walesa had the original writings of Piotr Skarga and he gave them to the American Library of Congress? It is apparent the giver does not feel a part of the same country and society.

[passage omitted]

Prof. Adam Kolataj, rector of the Higher Pedagogical School in Kielce:

(Interviewed by Jolanta Majecka, SLOWO LUDU 13 May 1991)

[Question] Recently here and there, I have heard from church pulpits that the Higher Pedagogical School finally has a true image, that finally it is an institution needed in the region, not to say the correct institution....

[Answer] I do not hide the fact that is what I wanted. We visited His Excellence the bishop and we agreed on the mutual combining of our lectures and courses, for example in philosophy, the social sciences with new contents, even from the borders of theology. It is an offer for the students and the institution's employees. We want to employ lecturers of Hebrew and ethicists trained in Rome. The doctrine of Marx cannot continue to be the only one. Let Marx continue to be, but as a parallel phase in the development of philosophy.

[Question] I get the impression that this is the first step toward the formation in Kielce of a Catholic university by fusing not so much with the Swietokrzyska Polytechnic but with the Higher Seminary for Clergy....

[Answer] I see no obstacles. If the Higher Seminary for Clergy agreed and the community of our school accepted such a proposal I would be satisfied.

**POLITYKA Weekly News Roundup:
26 May-1 Jun***91EP0532B Warsaw POLITYKA in Polish No 22,
1 Jun 91 p 2***[Excerpts]**

[passage omitted] We finally have a president of the Supreme Chamber of Control. He is Walerian Panko, a deputy of the Citizens Parliamentary Club [OKP] and a professor from the Slask University, and a member of the National Regional Planning Committee of the Polish Academy of Sciences. In 1963-82, he belonged to the PZPR [Polish United Workers Party]; after August 1980, he became an advisor to Solidarity and was detained under martial law. He received 203 votes; his rival Wieslaw Woda [PSL] received 126. A majority of 168 was required. [passage omitted]

The Polish Party of Prosperity has enriched the palette of our political parties; its president is Jerzy Krajewski, a journalist from Warsaw.

The social minimum for a worker's family of four should have been 2.5 million zlotys [Z] a month in May. The cost of supporting a single person is Z839,900 zloty. A retiree needs Z749,900 zloty a month. Those are estimates from the Institute of Labor and Social Issues.

The cost of electricity increased by an average of 110 percent and of gas by an average of 140 percent. An additional Z300 billion has been earmarked to help the poorest.

The nonmilitary parts of the defense policy of the Republic of Poland were the subject of a seminar at the Ministry of National Defense. Minister L. Kaczynski spoke about, among other things, the informal proposal by M. Gorbachev to conclude an alliance between the USSR and Poland on a new foundation. The minister said that Poland wants good relations with the Soviet Union but rejects all alliances with it because they isolate Poland from Europe. The issue of the removal of trash from Warsaw during the strike by the Municipal Sanitation Enterprise was also discussed during the seminar. According to a report in EXPRESS WIECZORNY, Deputy Minister B. Komorowski said that "the military community is disgusted with the need to use the Polish Army (for the first time in its history) to remove trash.... The Ministry of National Defense had to make a difficult decision in this case, especially since the workers viewed the soldiers as strikebreakers, and the officer corp was of the opinion that the new government is belittling the Army."

The firemen announced a strike action after the pope's visit. According to reports, we heard on television they will not participate in any actions other than against fires.

Prime Minister J.K. Bielecki said on television in response to an announcement by Solidarity that it is folding its protective umbrella over the government:

"That is good, because we are returning to our role in the state. The trade union will be a union, and the government is to govern. At present, the government will fold its umbrella over Solidarity."

In TRYBUNA, the National Party [SN] announced a protest ("forceful") "against the comments of Lech Walesa, president of the Republic of Poland, made during his visit to Israel, which are a humiliating apology for supposed transgressions of Poles against Jews during the Second World War." The letter, published in WOLNA TRYBUNA and signed by Prof. Maciej Giertych, chairman of the National Council of the National Party, ends: "The National Party recognizes that in accepting these false and outrageous accusations, President Walesa insulted the honor of our people and exposed the Polish reasons of state to injury."

Alfred Miodowicz does not intend to be a candidate in the upcoming elections; he will be a candidate in the next elections. ("As a rational person, I will be a candidate in two years"—that is the amount of time he gives the term of the future parliament.) Prior to the elections, in Miodowicz's opinion, at the central level only an alliance with the Movement of the Working People is possible. In local areas, various local alliances may be formed.

"Green Helmets" is a proposal of the Polish Green Party [PPZ] taken up by the European Community. It would be an international ecological force operating under the United Nations.

Jacek Kuron has become head of the election campaign for the Democratic Union [UD].

A survey of the popularity of 27 individuals on Poland's political stage was conducted by the Center for Research on Public Opinion on 13 and 14 May 1991. At the head of the list is Primate Jozef Glemp, 65 percent declared support (in December 1990, 74 percent; in March 1991, 70 percent). Then follow: K. Skubiszewski (54 percent); T. Mazowiecki (46 percent); J.K. Bielecki (44 percent; in March 1991, 47 percent); L. Walesa (44 percent; in March 1991, 52 percent; in December 1990, 63 percent). L. Balcerowicz's position has remained constant (respectively 29, 29, and 31 percent) as has that of S. Tyminski (17, 17, and 19 percent). The most negative comments were given to S. Tyminski (44 percent), A. Miodowicz (38 percent), and L. Moczulski (34 percent).

Optimism is declining according to a recent survey by the Public Opinion Research Center, only eight percent of Poles look at the future of the Polish economy with optimism; 70 percent judge the future as bad.

The French-Polish partnership Thomson Polkolor has been formed. The French side controls 51 percent [of the ownership]. Over the next three years it will contribute \$25 million to modernize the enterprise, which is to produce picture tubes of 14-22 inches. Polkolor will have exclusive rights to export to the countries of Eastern Europe. [passage omitted]

Opinions

Prof. Janusz K. Zawodny, after his first visit to Poland, in an interview with Janusz Eksner:

(WOKANDA 7 April 1991)

[Answer] To conclude—a few observations. It seems to me that my commentaries, both negative and positive, can to a large degree explain the experiences of our nation over the last 50 years. Please remember that in evaluating a democratic government as to its effectiveness, I prefer above all that the government protect the weakest in society: the sick, pensioners, children, the handicapped, the young, veterans, and individual rights in general. Life has taught me to avoid ideologies and those shysters shouting ideology, who also stand on the throats of the defenseless.

Tadeusz Mazowiecki, chairman of the Democratic Union [UD]:

(Interviewed by the Italian daily AVVENIRE 15 May 1991)

[Question] Do you think of yourself as the leader of the Polish opposition?

[Answer] The situation is a little paradoxical. We are outside of the current government, but we support it since it is continuing the efforts of the previous one, i.e., my government, whereas those who wanted Walesa for president now are in hard opposition to the government named by him. We are not against Walesa, but we are against the destructive forces which are acting primarily through Tyminski's party and are betting on the dissatisfaction of a tired society which feels acutely the difficulties of the shift to a market economy. Unfortunately, I must say that the current government is operating in more difficult circumstances than the previous one because obviously Walesa's promises during the election campaign cannot be met.

Aleksander Kwasniewski, chairman of the Main Council of the Social Democracy of the Polish Republic [SdRP]:

(Interviewed by Krzysztof Matlak, GLOS SZCZECINSKI 15 May 1991)

[Question] The young parties on the Polish political scene are seeking support from their Western cousins. Is the Social Democracy of the Polish Republic [SdRP] doing the same thing?

[Answer] Obviously, we are vitally interested in developing political contacts. We are making a great effort to do so. But I would not overestimate the significance of these contacts. The West looks at us with misgivings.

I am thinking not just of the SdRP. For the Western parties, the results of the elections will be decisive. If we win 20 percent of the votes, it will turn out they always loved us. If we collect 10 percent, we will be an attractive partner. If we find ourselves on the margins of parliamentary life, they will not bother.

Adam Lepa, bishop:

(NIEDZIELA 26 May 1991)

The question arises: Why is it that tokens of normal evangelical work conducted by the church, now without administrative obstacles, are interpreted as signs of the clericalization of social life?

Thus, Catholic programs on radio or television and religion in schools are evangelical work; blessing schools, hospitals, or workshops, in conjunction with the appropriate prayer and announcement of the Word is evangelical work; the systematic articulation of the truths of faith and moral norms, even if they are very unpopular, is evangelical work.

The nearly constant judgment that the evangelical work of the church is clericalism can be the result of ignorance. That happens when someone is not aware of the most important and basic mission of the church. Unfortunately, that mistake occurs quite frequently.

Moreover, there are people who would gladly see the church on a reservation.

Politics and Customs

[passage omitted] Michal Glowinski in GAZETA WYBORCZA wonders whether language habits from the communist period are defining current political expression and reaches the following conclusion: "The more a political text is clearly and sharply verbally anticommunist, the more dependent it is on communist methods of operating with words. This rule is not absolute, but it works broadly enough to look upon its effects with fear. Glimmerings of past years can be noted in places where it would be difficult to expect them."

A new issue of DOBROBYT, the magazine for entrepreneurs associated with the Polish Party of Prosperity has appeared. The party is on the make and not at all embarrassed. The editor in chief writes: "We realize that we are a small party. We have no money, only ideas." [passage omitted]

Krzysztof Kieslowski's film, "Veronica's Double Life," was well received at the last Cannes Film Festival (among others it received the acting award and the award of FIPRESCI), and the director gave many interviews. One of the questions from L'ESPRESSO was: "Initially, the film was to be called 'Girl from the Chorus.' Why did you change the title?" [Answer] Because the French word chœur (chorus) is pronounced exactly like the word cœur (heart). And I did not want people to say: "Oh, another Polish Catholic film." I do not like ambiguity. It is not a catholic film, and I do not want to be considered a director who works for Polish catholicism; I think that this catholicism is not enlightened enough. Let others take up that business. [passage omitted]

Soft-Tronik Computers Enter Market

91EP0501A Warsaw *POLITYKA* in Polish No 20,
18 May 91 p 12

[Unattributed article: "The Pioneer Award"]

[Text] The exhibits of the West Berlin company Soft-Tronik, [entitled] "Creative Computer Technology," during the Intersystem '91 Poznan Trade Fair last April dazzled not only laymen but also experts knowledgeable about the strong standing of that exhibitor in Poland.

"Might not that mountain give birth to a mouse?" people wondered on approaching the "stall" with a surface area of more than 2,000 sq m (practically the entire Pavilion No. 24), where visitors saw, among other things, such attractions as a special-effects wall of 76 microcomputers equipped with color monitors, numerous booths for testing the performance of many computers and peripherals, several dozen pretty hostesses, and a reception room with a plentifully supplied buffet.

This was not some excess of form over content but a normal promotional event following a precise scenario, with a thought to both the Polish and the foreign partners in the company. Besides, the heads of Soft-Tronik viewed its participation in the Poznan Trade Fair as an element in an advertising campaign following a well-planned timetable extending until 1992 and costing billions of zlotys.

What accounts for the success of this company, whose dynamic growth is best illustrated by the explosion of its sales volume within a six-year period to 74 billion German marks [as published] from just 1 million? It seems that the decisive factor here has been the personalities of the two owners of Soft-Tronik, and in particular the combination of Slavic soul with Western pragmatism.

Both Wieslaw Osowiecki and Mirosław Lampka were born in Poland, but they won their professional spurs abroad so that, as a result, they did not have to undergo the "habit-dissolving cure" awaiting those who work in our socialized enterprises. They started out together in 1982 by forming a small company specializing in sales of electronic components. Three years later, by then as coowners of Soft-Tronik, they decided to take advantage of their origins and enter the market on the eastern side of the Odra River.

Osowiecki said: "We took a big risk, because we decided to invest nearly our entire capital in selling computer equipment to Poland against, as it were, the professional predictions of the largest West German banks on the state of the Polish economy. Consider that the situation in 1985 was diametrically opposite to what we are witnessing at present. I am not going to enumerate the long list of obstacles that we had to overcome in order to establish our presence on the then, embryonic computer market in Poland. At times we paid heavily for being the pioneers, so to speak, but today we can state that our

position on this market is markedly greater than that of even such potentates as IBM or Compaq. They are just beginning to be active here, whereas we are profiting from six years of experience. It is not surprising that, for example, the latter of the two companies named above views us as a partner who can considerably facilitate its debut in Poland. Of course, this not the sole 'pioneering award' to be won by our company. It is precisely to our strong presence on the Polish market, and subsequently on the market of other East European countries, that we owe our economic successes which rank us among the top West German computer firms. We are fully aware of this fact, and therefore we treat Poland not as a kind of so-called transitional market but as a place where it is worthwhile to invest even more than in the past."

The egregious standing of Soft-Tronik among other Western companies operating in our country is also due to the special attention it pays to the quality and technical level of the equipment it sells. In this respect the company's heads refused to let themselves be tempted by the frequent suggestions of their Polish partners for relying on the cheaper Far Eastern products (from Taiwan, South Korea, Singapore, and Hongkong) as being better suited to the financial possibilities and demand of the Polish market. The vision of higher and more rapid, but temporary, profits fortunately lost out to Soft-Tronik's preferred method of winning customer loyalty over a period much longer than the moment of the first sale. Hence Soft-Tronik's principle, which it follows with an iron consistency, of offering only the best and most up-to-date equipment.

As a result of this rule, access to the hardware and software manufactured by the world's top computer companies is afforded to not only such major customers of this West Berlin firm as the National Bank of Poland, the Polish Savings Bank (PKO), the Polish Police, the Katowice Steel Plant, and the department of energy, but also thousands of private customers. What matters is that this hardware and software combines in itself superior quality with an accessible price.

It was by no means an accident that during the recent Infosystem Fair visitors to Pavilion No. 24 included representatives of the American company Novell, a networking software potentate, and the Japanese company NEC, which specializes in the manufacture of hard disks of superior quality. It was no accident either that during the Poznan Fair—barely a few weeks after its world premiere—the LT-20 printer of Seikosha, a Japanese company, was exhibited. [The printer is] designed to work with the popular laptop and notebook computers. Seikosha also offers for sale a full range of other professional printers. In addition to Novell, NEC, and Seikosha, other Soft-Tronik suppliers include Mitsubishi (color monitors and floppy disk drives), and Hewlett-Packard (Laserjet printers, scanners, and plotters). The Poznan Fair also afforded an occasion for exhibiting the Gullpin family of personal computers manufactured by Soft-Tronik.

A rule closely followed by Soft-Tronik distributors is the thoroughness of their offers, starting with an analysis of the customer's needs and the drafting of a contract and ending with the delivery of the equipment ordered along with a bundle of licensed software. This standard is followed consistently by the company, even though drafting certain contracts at times takes a couple of months and there is never a 100-percent guarantee that the potential customer will bite.

Easier access to potential customers is provided by the ramified network of branches of Soft-Tronik Nord in Gdansk and Soft-Tronik Warsaw, as well as by independent but closely cooperating companies such as Mikro-tech and Pol-Tech in Bydgoszcz, Radunix in Szczecin, Vitabest in Poznan, Surfand in Wroclaw, Infores in Rzeszow, and (especially as regards printers) ECS Electronics in Warsaw, Qumak in Krakow, and Optimus in Nowy Sacz. No other Western computer company active on our market can boast of such a ramified network of Polish partners.

To complement the picture, mention should be made of Soft-Tronik's branches in San Antonio (United States), Leningrad (the USSR), Ostrava (Czechoslovakia), Vienna (Austria), and several German cities.

In the case of Soft-Tronik, strong ties with Poland exist in the form of not only a growing volume of sales but also an increasingly visible presence of that company on our market. Who knows, that may be even more visible in the owners' personnel policy. It seems impossible to find any other German enterprise with employees of Polish origin at not only the lower and middle managerial rungs but also at the executive levels. At Soft-Tronik, in contrast, that is a normal occurrence. Similarly, the company pays the entire cost of the training the electronics experts and salesmen employed in its Polish branches, and it offers good Polish programmers and computer experts salaries that are definitely higher than those received by their counterparts in the area of the former GDR, as well as extra bonuses for outstanding employees (in Poznan, e.g., laptops of a value equal to that of a Polish Fiat 128p were awarded), and it has provided its branches in Poland with the same world-class equipment as that used by its West Berlin headquarters.

Business and sentiment supposedly do not mix, but Wieslaw Osowiecki and Miroslaw Lampka attach great importance to the strategy of continually improving their position on the Polish market, while at the same time shunning unnecessary confrontation with other companies. More even, the growth of Soft-Tronik, provides these companies with added opportunities for their own expansion as well. It is important that this concerns not only the distribution of computer equipment.

Miroslaw Lampka notes: "As the dollar-zloty ratio becomes increasingly favorable to Poles, the number of users interested in illegally duplicated software is diminishing. Our plans envisage an avalanche-like growth of

sales of licensed software, especially that bundled by the American company Novell. We want to entrust to small specialized companies the installation of these bundles in Poland. In my opinion, Poles should be more aware of the fact that their country is an immediate neighbor of EEC countries. This requires not only getting rid of the habit of software piracy but also getting rid of some imaginary inferiority complex toward the West."

It is not excluded that the investment plans of Soft-Tronik in Poland will play a significant role in curing our complexes—at least those relating to the level of our indigenous computerization.

In 1990 the company invested 900,000 German marks [DM] in Poland. For this year it envisages investments of at least DM3 million—at least, because that sum is to be spent on just expanding the sales operations of Soft-Tronik, building in Warsaw the main offices of the holding company controlling a dozen or so firms operating in East European countries. Even now it is known that the chief executive officer of that holding company will be specially recruited from Germany (a four-year contract).

Its prestige as a solid and reliable supplier of hardware and software, as well as an independent manufacturer of computers of a good class, qualifies Soft-Tronik to undertake new projects on a scale suited to its standing. One such project is the introduction of a major non-European producer into Poland through the mediation of Soft-Tronik. He intends to utilize the expertise of one of our computer centers (Wroclaw is being mentioned) to manufacture computer subassemblies on a scale and of a quality that would meet the needs of all the European countries.

Machine Tool Factory Folds; USSR Market Loss

91EP0497A Warsaw *POLITYKA* in Polish No 19,
11 May 91 p 4

[Article by Jagienka Wilczak: "To Die in One's Own Home: The First Company of the State Treasury Has Declared Bankruptcy"]

[Text] The Tarnobrzeg Machine Tool Factory (today Ponar) was built within the framework of an investment by the Central Industrial District. The goal of the planners was to provide jobs for the unemployed residents of Lasowiak. Today's reality, however, has played an unfortunate trick on them: the factory is the first in Poland to announce its bankruptcy shortly after becoming a commercially based company. Not only does it no longer offer jobs, it has even come up short of funds to pay wages. People are saying: We are drowning. First we allowed ourselves to be drawn into the deep and then they cut the tow lines.

"It is hard to understand what happened," sighs Jozef Strzepak, who had just advanced from director to president of the company. "Until recently there had always been a shortage of machines. We hustled frantically,

barely able to fill export orders on time. The Polish skilled worker could not imagine that he would achieve his goal. Today, it is the opposite: we would kiss the hand of anyone who would be willing to buy."

The Tarnobrzeg factory enjoyed a monopoly in its product area—63-ton and 100-ton pressure hydraulic presses—both nationwide and within CEMA.

The presses became an export to the Soviet Union. The orders portfolio usually swelled in May when the transactions were essentially concluded by the Planning Commission and Gosplan. The Poznan Trade Fair had ordinarily been used to hammer out the formal business arrangements. As a matter of fact, the company exported everything: until recently, the Russians purchased 80 percent of the products and the rest was sent to the former GDR, to Hungary and to Czechoslovakia. "We lived comfortably then," they recall. They had a high degree of profitability, export was profitable and people earned a decent wage. Obrabiarki, which employed 550 people, was the third largest employer in the voivodship capital city. And traces of its former splendor remain: There is an enormous office building and a year ago production was brought into a new shop. Factory housing was built, a workers' hotel was constructed, and the factory had its own vacation center in Roznow.

Last year, the Russians purchased a little more than half the factory's products, but there was still no problem selling machinery, since the market of our socialist neighbors was not saturated and the domestic market also called to mind a bottomless sack. It did not occur to anyone that this could change. The president admits: "Today we know that we have lost a decade. We could not jump ahead. The Russians did not agree to modernization. That has had unfortunate consequences: the equipment is new, but the technology, at the same time, is obsolete."

The Shock Treatment

In the spring of 1990, the orders portfolio was empty, for the first time in history. The management felt a ripple of uneasiness; they themselves favored implementing trade with the West, but would the tempo of reform not overwhelm them?

They went to Kiev and tried to talk with customers, for there was already chaos in Moscow. They grasped at all possible ideas and proposed clearing accounts in barter—they wanted to trade machine tools for petroleum. But their trading partners were unflinching. "They were battling for bread, not for machinery," says Edward Polewka, the accountant. "They had nothing with which to pay us, they were afraid to make a decision, they said in Russian that it was impossible...that they did not know. We returned without a contract."

They found an invitation to Warsaw on their office desks: the Ministry of Industry and Ownership Transformations Affairs had organized a meeting on the issue of privatization in which the minister of finance and a

representative from the World Bank took part. "We were told to privatize, otherwise foreign capital would not want to invest. We must foster the reform, abandon our past forms of ownership, and decide to restructure into a single-person company of the State Treasury. They promised to send specialists from the World Bank who were knowledgeable in restructuring. Then stock would be issued."

Everything looked rosy then, even though we knew that trade with the Russians had fallen apart and that CEMA had gone to its grave. In Warsaw we were assured that those who are in the greatest danger of bankruptcy and traded exclusively with the East receive preference. The Obrabiarki Plant was at the top of this list.

A KERM [Economic Committee of the Council of Ministers] consulting team prepared a report on the enterprise. This document was sent around to the investment banks worldwide. They began to expect a visit from a rich uncle. "We also looked for partners ourselves using the help of firms associated with the plant. But this was a series of disappointments."

Their first contact was established with the American firm Tulip, a producer of hydraulic presses. Their hopes dwindled when the Americans announced that they were suspending investments in the East before the election.

The Swedish firm Sederhams sought a producer of wood barkers. It was interested in Ponar and talks were well along. The Swedes demanded exclusivity in the sale of products for their own distribution network. The engineers from Obrabiarki had already packed their suitcases for the trip to get the documentation for the wood barkers but the talks suddenly stopped and the Swedes made no further contact.

In December the Italians appeared—the Comac firm, seeking machine tool frames. They promised to return when the weather was warmer, but the president lost hope and they still have not returned.

Then there was the French who even sent the documentation. Who knows whether they will return or whether they will want their documents to be returned to them.

The Germans explained their caution by saying that there is still unrest in Poland.

The president and the accountant believe that this is a pretext. At one time they considered leasing the factory; it is just the right size and would be easy to reorient with an investment in technology. They decided that it would be a business, but without an office building, a hotel, factory housing, a boiler heating half the district, a summer vacation center in Roznow, and maybe even without the huge new shop. They would also have to cut back on employees, maybe even by one-half.

Meanwhile, the factory workers started to get ready to privatize. A referendum was announced among the workforce and a General Assembly of Delegates of the

Employee Council was announced. People say grudgingly: "We gave our approval because the chief promised prosperity; we were supposed to be driving brightly colored Fords by spring. But the reality is that we do not have bread for our children." At first a work stoppage was ordered and now they are on leave. Since February they have not collected any wages and unemployment awaits them. Their supplies have dwindled, they are hanging on by loans but even that will end, for there will be no one from whom to get a loan.

The saleswoman in the housing complex store has the best view: Nobody comes in for half a day and at one time the door never closed. People only buy milk, bread, and margarine. And if she orders as many loaves as she used to, half remain. Nobody buys sugar: they have just stopped using it.

In the Past Everybody Stole

People ask: "We wonder whether Walesa knows about us." They say that they voted for Solidarity believing that justice would come, but they see that there is no justice at all. "In the past everybody stole equally and somehow we lived, but today only the government steals," they curse in aggravation.

Ms. Stasia, a mother of three children, went to the office to ask how long they would starve. She found out that no one told her to chase after that many children. Ms. Stasia retorted that if she waited to have children until the promised prosperity, she would be in menopause.

She had her husband pack his bags and go to Turkey, to trade.

Ms. Zukowska does not want to hear about tightening her belt; she has gotten so thin that her skirt barely stays up over her hips. She receives no aid for her children because the factory is behind on ZUS [Social Security Agency] contributions. She says that she is without a grosz, that she is ready to take to the streets and beg because she has no other recourse. But are there any people left who will give to a beggar?

And what is Wladzia, who came from a children's home, supposed to do? Nobody wants to give her a loan because they do not know her. Wladzia only curses and cries.

They gather together in the hotel community room and talk about who is to blame. There is nobody to blame. Nor is there any money and one can take his complaints only to God.

When children are hungry are they supposed to understand that they are living in a free country? Whatever else, at one time no one went for social assistance—they recall. Forced layoffs are not a way out, and in the factory nothing is happening except for the fact that there is no money. Let it be clarified: Is this the end, are we moving to the left or the right? Why do they not leave

of their own accord? Because they are waiting for group layoffs and compensation. No one can tell them exactly when they will receive it.

The priest tells them in church that they should not place 500 zlotys or 1,000 zlotys into the plate, for that is not even enough for sugar. And so now they stand during mass there where the priest does not pass the plate.

The people living in block housing are also starting to be short of food, even though their poverty is still not evident. Since they cannot work, they would prefer to receive assistance because the allowance is better than living in suspense. Since they do not have work, people go to their garden plots. They sit there and wait for the grass to grow. Then they pull it out. When it is dry, like now, the grass grows slowly.

The accountant says that he was without a grosz well before Easter. Was he supposed to tell his family that there was no money for their Easter celebration? He hired himself out to dig ditches in Siarkopol. After three days of wielding the shovel he earned more than 500 million zlotys.

The president feels strange walking through an empty shop, as though he were viewing a corpse. For a long time he did not believe that things could fall apart. He would not rend his garments about failing to survive, but the restrictions affected him as well—the fiction could not last. But he would prefer to avoid selling state property for a song. He ran the factory for 17 years. "We expected dollars to rain down and the Western capital to come pouring in." But the money did not come and they had to declare bankruptcy.

A Path Worn Out on Mysia Street

Zygmunt Dudek, head of Solidarity at the plant, admits: "We did not expect the reform to be like this. People are in dismay. We believed the propaganda and expected good arrangements. Meanwhile, we were sold a bill of goods."

Someone who has not attempted it might think that it is easy to privatize. The heads of Ponar submitted the necessary documents to the ministry at the beginning of January. Then the legwork regarding the matter began. They wore out a path on Mysia St.

In January the factory did not sell even one piece of machinery. But they still did not panic because they expected a flurry of trade any week. The domestic market was hungry, the accountant remembers. Looking ahead, for survival's sake, they prepared a program of restructurization and sent it to the minister. They were going to produce fewer machine tools, for domestic use only. They would replace them with new products: presses for plastics which were in demand, equipment for regenerating engine parts, and several types of farm machinery. But the restructuring would be expensive.

They requested a loan of 8 billion zlotys. Deputy Minister T. Stankiewicz rejected the program with the brief justification that Balcerowicz is not handing out money.

In February the management ordered a layoff. They expected that sales would pick up and they would be able to get rid of old stock. But customers did not appear. This showed that the recession was growing and that no one was investing in production.

In March they worked a little, but every day only increased the losses and swelled the warehouses. The best solution was not to produce. Export declined, sales did not budge, and the bank informed them that they had lost their creditworthiness. There was enough money to pay February wages, but in March and April there was not even enough for that. People were laid off. The president placed the question of bankruptcy on the court agenda.

But earlier the accountant had presented this situation to the minister of industry: 1.8 billion zlotys is due Balcerowicz. They had not paid a single grosz into the budget, they had incurred a debt of 3.5 billion among coproducers, and repayment on 2.6 billion zlotys in short-term credit was already overdue at the bank. The accountant tried to apply pressure: "We ask that you hand down a decision regarding the continued existence of the plant."

They admit that they expected news that the factory would be placed in a state of liquidation. Meanwhile, they received a phone call from Minister Lewandowski, who said: "The document is ready to be notarized. On 6 March you became a company of the State Treasury." The president assumes that that was more convenient for Minister A. Zawislak, since liquidation is unpopular for political reasons. If they are supposed to die, then let them do so in the embrace of their colleague, Minister Lewandowski.

The chairman of Solidarity, supporting the efforts of the heads of Obrabiarki, went to the Ministry for Ownership Transformations Affairs three times. The first time was before the court's rejection of the plant recovery program. "We spent six hours on the benches in the corridor waiting for an official who would talk to us." When they asked the minister's advisor for help, he replied that he is not paid to give advice but to shuffle papers. When they threatened to stay the night they were sent to a legal office where they learned that their case was unknown because the Ponar documents had just reached the office 15 minutes before.

The next time the chairman was called in for a briefing of the supervisory councils. These councils were a member of the [main] council in the new company. The chairman expected that the others would want to help when he presented the facts. Meanwhile, other members of the Obrabiarki supervisory council selected by the ministry set out tendering their resignations. They argued that they had taken the proper course of action to make a profit in the end; they did not expect to become mired in

problems. This was the first and last time that chairman Dudek saw the members of "his" council.

He went to Mysia St for the third time after the bankruptcy motion was made in court. The reason was the back dues, for people did not have money to buy food. The second reason was that he wanted to ask about the future of the privatized plant. "After two hours of talks, Minister Stankiewicz informed me that he could not help because there was no money. Then what can you do about this?" asked the chairman. The reply was that nothing more could be done. "We could restructure you and we did that. You have what you wanted—your own president and private plants. Now you can even plow under the factory and plant cabbage."

The chairman felt the way he did once in the party committee. He understood that when he spoke about hungry people he aroused no one's sympathy. That is why he decided to fight against the bureaucracy: the Solidarity Plant Committee approached the regional board for approval to picket the Ministry for Ownership Transformations and Labor. The region promised its support and the president and the accountant plan to join the protest and jointly block the entrance to the office on Mysia St.

The chairman says that he himself is not suffering from hunger, but that he does not have even a single grosz in his pocket. He is not paying his rent, his heating bill, or his electric bill. His family eats three times a day, usually bread and margarine. "The union is intervening in drastic cases; it is granting assistance of 100,000 zlotys."

All of the members are already in a drastic situation.

Now their turn in court: the bankruptcy legal advisor will start selling the assets and paying off the creditors. The Solidarity Plant Committee does not plan to make an official statement regarding the reform principles, although it does not hide the fears that the bankruptcy process is causing property to be looted. The factory resembles the Soviet barracks after the withdrawal of the army.

The accountant, wishing to avoid this, asked the Office of the Treasury to remit the debt owed the State Treasury. His motivation was that fixed assets which were left undamaged would make possible the reconstruction of the production plant in the future. Ultimately, the State Treasury is now the creditor and the debtor in one person. It should decide about its property by itself instead of entrusting it to the legal advisor.

The request was rejected and the plan will be executed. Official methods still triumph.

The factory workers are wondering whether that is how the privatization of Obrabiarki had to end. They are the first company of the State Treasury to go bankrupt. Will there be a domino effect with other companies also falling apart? Or perhaps a new firm will arise on its ruins, providing work and income to the state. The

Multiparty Elections on Federal Level Urged

91BA0844A Belgrade POLITIKA in Serbo-Croatian
13 Jun 91 p 7

[Interview with Dr. Slobodan Gligorijevic, president of the SFRY Assembly, by Biljana Cpajak and Mirjana Aksentrijevica; place and date not given: "Yugoslavia Must Have a New Parliament"—first paragraph is POLITIKA introduction]

[Text] I see the attitude towards multiparty elections as also being the attitude towards democracy and the genuine aim of quickly achieving a resolution of the long-standing constitutional, economic, social, and sociopolitical crisis in Yugoslavia, of preventing disorganization, and of stabilizing sociopolitical conditions in the country.

The condition for the inclusion of the SFRY Assembly, the highest institution of power in the country, as an equal partner in an agreement on resolving our general crisis is multiparty elections on a federal level. This would eliminate the main reason that the Federal Assembly is largely overshadowed by the other actors who are deciding Yugoslavia's fate.

This realization is increasingly coming to the surface, and there are increasingly vocal demands from all sides to the effect that talks on the future of Yugoslavia be raised from the republican to the federal level.

Because this is clearly one of the central political questions today, and because the public is insufficiently aware of the reasons why multiparty elections for the Federal Chamber of the SFRY Assembly have yet to be scheduled (the other house of the Assembly, the Chamber of Republics and Provinces, already has multiparty delegations), we asked Dr. Slobodan Gligorijevic, the president of the Assembly and the man who would have to schedule elections, to explain exclusively to POLITIKA why they have not been scheduled and when they will be.

Elections Are Unavoidable

"Scheduling and holding elections to the Federal Chamber is one of the key preconditions for getting out of the existing crisis and resolving it in a peaceful, democratic, and civilized manner. Such elections are not only unavoidable and inevitable, they are also ominous for the future of Yugoslavia, regardless of the direction in which moves to resolve the constitutional crisis are made and regardless of available options with respect to the country's political future. Direct multiparty elections with universal and secret balloting are also unavoidable because a full five years have passed since the election of the current Federal Chamber and because instead of the old Assembly, Yugoslavia must have a new parliament as soon as possible," says Dr. Slobodan Gligorijevic, emphasizing that "I see the attitude towards multiparty elections as also being the attitude towards democracy and the genuine aim of quickly achieving a resolution of

the long-standing constitutional, economic, social, and sociopolitical crisis in Yugoslavia, of preventing disorganization, and of stabilizing sociopolitical conditions in the country."

[POLITIKA] Let us go back a little into the past, to the spring of 1990, when elections to the Federal Chamber were supposed to be held, but instead of that the mandate of the delegates to that house of the Assembly was extended for the first time. Why?

[Gligorijevic] Midway through the previous year, we began to experience a great deal of turmoil and radical changes in the Yugoslav political reality. It was clearly no longer possible to go into elections based on the assumptions of the old sociopolitical system. The Socialist Alliance lost its role in election preparations and in elections in general, and party pluralism was introduced into political life, accompanied by demands that not delegational, but rather representative elections be introduced, with secret balloting involving several candidates. Parallel to the introduction of the multiparty system in the republics, the federation also made preparations for this through new constitutional amendments that would establish the basis for enacting laws on the election and recall of representatives. However, a situation arose in which it was no longer possible, nor acceptable, to hold delegational elections, due to the changed political climate, and the conditions for multiparty elections had not been created.

During the first half of 1990, all preparations for the adoption of the new constitutional amendments 49 through 73 were concluded, so that it was possible, if they had been adopted, to schedule and hold elections for the Federal Chamber by the end of the year. But during the anticipated period of time, when the mandate of the delegates was extended, the conditions for scheduling and conducting the elections were not achieved, because the constitutional amendments in question could not go into force.

There Would Be No Assembly Without Extension of Mandate

[POLITIKA] What happened then?

[Gligorijevic] Since all the assemblies did not agree to the amendments before the stipulated deadline, elections could not be announced by 15 November 1990, before which I, as president of the Assembly, was supposed to schedule elections for the Federal Chamber. Since in the meantime the Federal Chamber had accepted the assessment of the SFRY Presidency to the effect that the country's constitutional system is in a state of crisis, that chamber decided that the conditions for extending the mandate were in evidence, based on Article 308, Paragraph I of the SFRY Constitution, so that that house of the Assembly passed a resolution on 15 November of last year through which the mandate was extended again.

[POLITIKA] How do you justify the dual extension of the mandate of delegates to the Federal Chamber?

[Gligorijevic] It must be kept in mind that under the circumstances that had arisen there was not much choice of possible steps to be taken, because if the mandate of the delegates had not been extended, the Assembly would have ceased to function. We were forced to extend the mandate because at that moment the options for conducting regular and democratic elections for this chamber were blocked, and this possibility was provided for in the Constitution.

[POLITIKA] Since the extended mandate of this chamber cannot last indefinitely, and the delegates themselves sense that without their bases of support (which they have not had for some time now) they are losing authority, we asked the president of the Assembly what has been done to ultimately arrive at pluralistic elections on the level of the federation.

Slovenia, Serbia Not Expressing Opinions

[Gligorijevic] The Federal Chamber was very much committed to achieving that as soon as possible. It has repeatedly called on the assemblies of the republics and autonomous provinces to agree to the amendments to the SFRY Constitution, which it adopted on 8 August of last year (the republican assemblies were supposed to send in their opinions by 20 September). The majority of republican assemblies agreed to Amendment 65, which establishes a new procedure for election to the Federal Chamber. Eight days after the deadline had expired, the Assembly of the Republic of Slovenia adopted a resolution stating that "it will not conduct elections for delegates to the Federal Chamber of the SFRY Assembly and it suggests that the Assembly of Yugoslavia not schedule such elections." To this day, this has remained the position of the Slovene Assembly, which believes that no new circumstances have emerged that would require a change in that opinion. And this is drawing into question the scheduling of elections for the Federal Chamber. To this day, there has been no indication whatsoever from the National Assembly of Serbia concerning whether they do or do not agree to this amendment.

Dr. Slobodan Gligorijevic reminds us that in early March and then one month later, and thus on two occasions, the Federal Chamber appealed in writing to these two republican assemblies to quickly express their opinion on the 65th Amendment, and that it is still waiting for a response.

[POLITIKA] There are in fact two ways to schedule multiparty elections on the federal level: through adoption of Amendment 65 or through passage of an election law, which is being prepared in the FEC [Federal Executive Council] on the basis of a resolution by the Federal Chamber. Which way is more certain?

[Gligorijevic] Amendment 65. The other way would bring with it the need to undertake a "creative interpretation" of the SFRY Constitution, and that would be a strained solution. As far as I have been informed, the rough draft for the election law has already been drawn

up in the FEC, and the ideas in it are most likely the same as in the constitutional amendment in question.

[POLITIKA] In discussing multiparty elections on the federal level in Yugoslavia, one cannot ignore the interest of international public opinion in these elections. How does the world view this situation?

[Gligorijevic] When considering the question of the need to hold multiparty elections in Yugoslavia, one must also keep in mind the opinion of international factors. Holding such elections is one of the conditions for the acceptance of Yugoslavia to full membership in the Council of Europe, as well as for associate membership for Yugoslavia in the European Community. In the support expressed by the world for the preservation of a unified and democratic Yugoslavia, the term "democratic" must be understood as meaning the existence of political pluralism of the multiparty type, institutionalized on both the republican and the federal level.

Dr. Gligorijevic did not provide a concrete response to our last question, concerning whether elections will be held by the end of the year.

[Box, p 7]

All the Presidents Came

[POLITIKA] On Monday, you met with the presidents of the republican assemblies concerning the need and conditions for enacting legislation on a restructuring of relations in Yugoslavia, as the agenda was titled. Afterwards, a meager communique was made public that left plenty of room for speculation and various interpretations. What was actually behind this?

[Gligorijevic] That meeting was in fact simply an exchange of opinion, it was not called to decide anything; rather, it was primarily a type of consultation. What is interesting is that all the presidents came, some of them even complete with their teams. It is also important that we agreed to meet again. I cannot say at this time how successful that meeting was, but it is a fact that demarcation lines were established, that a willingness to engage in dialogue was expressed. Its success lay in the fact that it was shown who holds what viewpoints. For example, for some people the adoption of the Declaration on Approaches to Restructuring Relations in the Yugoslav Community is out of the question until talks on the future of the country have been completed.

[Box, p 7]

Fear of Elections

[POLITIKA] Is everyone in the federation at this moment in favor of multiparty elections on the federal level, because this would probably change everyone's current composition as well? For example, that of the FEC, whose mandate, as we know, is undefined in terms of how long it lasts and when it ends; the only thing that is known is when it began.

[Gligorijevic] Everything will be new in the new elections. In all countries and in all electoral systems, elections constitute a major reexamination of the voters' confidence in leading political structures, a major test for them, for the institutions whose existence depends on the will of the voters. Thus, everyone is afraid of elections, and our government is no exception. Refraining from them, however, would mean denying the legitimacy of the system's institutions.

[Box, p 7]

The Essence of Amendment 65

[POLITIKA] Of critical importance when talking about multiparty elections on the federal level is Amendment 65, in which provisions for the election of representatives to the Federal Chamber of the SFRY Assembly are set out. What does it do?

[Gligorijevic] It must be said that it does not introduce any essential, qualitative changes in the assembly system, meaning that the federal assembly system would remain unaltered, both in terms of organization and in terms of the proportional number of representatives per republic and province. Just as in the past, 30 representatives would be elected from each republic and 20 from each autonomous province. What is different is that the elections are multiparty, and the representatives to the Federal Chamber are elected directly by the citizens, in electoral units, with universal and secret balloting. This would result in some sort of Yugoslav parliament.

[POLITIKA] Why "some sort"?

[Gligorijevic] The elections would not be based on the principle of "one citizen, one vote," and based on the number of people, or rather the number of voters, this would mean that, say, Montenegro would lose approximately 24 representatives, while Serbia would gain that many new ones, and the others would be in more or less the same position.

Serbian Assembly Vice President on Krajina

AU1806180591 Belgrade BORBA in Serbo-Croatian
24 May 91 p 5

[Interview with Dr. Borivoje Petrovic, vice-president of the Serbian Assembly, by V. Ilic; place and date not given: "No Need for Accession Yet"]

[Text] Belgrade—A delegation of the Serbian National Assembly, led by its Vice President Dr. Borisav Petrovic, will receive a five-man delegation of the Assembly of the Serbian Autonomous Region [SAO] of Krajina on 27 May. At the request of the Krajina delegates, they will inform the Serbian Assembly delegation about the results of the referendum and about the views and situation of the Serbian people in Krajina. For this reason we asked Dr. Borivoje Petrovic to comment on the stands that the Serbian Assembly will take in the talks with the Knin delegation.

"We will listen to all their demands and proposals. At the moment I cannot say what stand will result from these talks. It is a fact that we clearly expressed in our declaration our views about the Serbs living outside Serbia. It is perfectly clear, and this was said in the Serbian Assembly several times, that our parliament will stand behind the Serbian people regardless of the part of Yugoslavia they live in," Petrovic said

[Ilic] Does that mean that the accession of the SAO of Krajina to Serbia is possible?

[Petrovic] I do not wish to comment on this, and we are not pursuing this course. At the moment, while Yugoslavia still exists and no one has seceded yet, there are no prospects at all for any accession.

[Ilic] The impression is that the Serbian people in Krajina and in other parts of Croatia expect that the Serbian National Assembly will offer something that it actually cannot. How do you explain this?

[Petrovic] I would go so far as to say that some emissaries were causing confusion. Not for a single moment have we discussed this topic. We are extending all possible help, and we are willing to extend it in the future, but we will stress in the talks with this delegation that there is no need for the accession of Krajina at present when Yugoslavia still functions. When disassociation or separation takes place—and I am an optimist and think that this will not happen—then we will have to discuss the Serbs living in other parts of Yugoslavia. At the moment our side can do what is normal to protect the interests of these people. We will also openly talk with our colleagues from the Croatian Assembly about the Serbian people being deprived of their rights for normal life and employment, as well as about other problems that they encounter in Croatia.

[Ilic] It has been mentioned in Croatia lately that Serbia will find itself in a similar situation with the Sandzak as Croatia has with Knin. Can one draw a parallel here?

[Petrovic] This idea about the territory where the Muslims live and that theory will not be put into practice as easily as people from outside imagine. [sentence as published]

[Ilic] In other words, Sandzak autonomy is in principle and de facto out of the question?

[Petrovic] I personally think it is out of the question. However, we must certainly talk with the Muslims in those areas about their problems. I am always in favor of discussion, and I think this is necessary. It is about time that we start talking about things we have in common and not merely about those that divide us.

Serbian Media Demonstrations Reporting Criticized

AU2006091991 Belgrade BORBA in Serbo-Croatian
11 Jun 91 p 3

[Article by G.K.: "A Plot Against the Truth"]

[Text] Belgrade—The Serbian Renewal Movement [SPO] issued a communique yesterday entitled "Regime's Plot Against the Truth," in which the capital's public media were especially criticized for their "minimization of the demands made at the meeting [in Belgrade on 9 June], their disdain for the speakers, and their playing down the number of participants. POLITIKA even dared to publish the figure of only 15,000 demonstrators."

"To Serbia's sorrow and shame, the regime's press and television, especially POLITIKA, behaved in the same way as the regime's police did on 9 March. The communist editors carried out the shameful task of humiliating, and, in a way, beating up the truth and the participants of the demonstrations," the communique stated.

The SPO presidium is only satisfied with the reporting by Studio B television and the youth radio station B-92. They advised the regime and its envoys at POLITIKA that the United Serbian Democratic Opposition will soon bring half a million people—supporters of democracy—to Freedom Square [the opposition's name for Republic Square] unless all demands by the opposition are met.

The communique also stated that Belgrade Television accredited 109 of their journalists and technical staff to the meeting, but instead of a live relay for the citizens of Serbia, they carried a private relay for Serbia's leadership, while the public was offered only meager reports.

Belgrade Television Invades Croatian Media Space

AU2006083591 Zagreb VJESNIK in Serbo-Croatian
7 Jun 91 p 3

[Article by S. Svigir: "Belgrade Television Relay Station on Petrova Gora"]

[Text] Zagreb—Serbia has again breached the sovereignty of the Republic of Croatia by entering its information space. After the highwaymen in the areas populated by Serbian residents, they have now also entered the media. The Belgrade Television technical team set up a relay station on Petrova Gora last Tuesday without permission to do so. Through this installation, whose transmission range is over 100 km, residents will be able to follow Belgrade Television broadcasts. Therefore, theoretically, we could watch Belgrade Television in Zagreb. This was also confirmed by Croatian Information Minister Hrvoje Hitrec, who explained that the relay station has been set up in the middle of the Petrova Gora Memorial Center, which belongs to the Vojnic commune (by the way, the center's director is Mile

Dakic, president of the Yugoslav Social Democratic Party), and the capacity of the relay station is one kilowatt. Minister Hitrec emphasized that "Croatia will take all necessary measures to eliminate this invasion of its media space."

Report on Draft Laws for Independent Slovenia

91BA0685A Ljubljana DELO in Slovene
10 May 91 pp 3-4

[Unattributed article: "Laws for Independent Slovenia"]

[Text]

Law on Citizenship: It Should Allow Dual Citizenship

After a study of Austrian, Belgian, Danish, Swiss, Polish, and German laws, and the law regulating U.S. citizenship, the draft of a new Slovene law on citizenship has emerged. In principle, it should allow dual citizenship, protect the interests of Slovene emigrants abroad and members of Slovene minorities abroad, and, through the conditions for granting citizenship in the Republic of Slovenia, protect the interests of that republic.

According to the new law, the following principles should be in effect for acquiring citizenship:

- Acquisition by birth. In that way, citizenship will be obtained by a child if at his birth his mother and father are Slovene citizens, if one of the parents is and he is born in Slovenia, or if one of the parents is a Slovene citizen, the other is stateless or of unknown citizenship, and the child is born abroad.
- The principle of "registration" is to apply to children of mixed marriages who live abroad; this means that they would have to be registered as Slovene citizens by age 18. If the parents miss that deadline, independent registration is possible for five years after becoming adults.
- Acquisition by the territorial principle. This would apply to orphans and children born on Slovene territory whose parents are unknown, of unknown citizenship, or stateless.
- By naturalization. Regular naturalization would apply to foreigners under the following conditions: the foreigner has to live in Slovenia for 10 (five) years, has to have a guaranteed means of support, cannot have been sentenced to a lengthy prison term, and must have at least a colloquial knowledge of the Slovene language; and his acceptance should not jeopardize safety, public order, or national security. Preferential naturalization would apply to individuals of Slovene nationality and their descendants, and foreigners married to Slovene citizens. These individuals could retain foreign citizenship. Special naturalization is the granting of citizenship without all the conditions having been met; this would apply to experts, Slovene emigrants abroad, and members of Slovene minorities abroad. It would be confirmed by the Slovene Executive

Council; otherwise, a republic administrative body responsible for internal affairs would decide on the acquisition of citizenship by naturalization and the termination of citizenship (by remission, renunciation, or revocation).

The law proposes the following alternative solutions for regulating the status of citizens of other republics who will be permanent residents of Slovenia when the law goes into effect: those born in Slovenia who have been living here permanently since birth, and had the opportunity to gain Slovene citizenship through one of their parents, would acquire Slovene citizenship at their own request. They would have an opportunity to submit such a request within six months of the law going into effect. Other citizens of other republics would likewise have an opportunity to apply for citizenship within six months, but several alternative conditions have been proposed for their acquiring it: actual permanent residence in Slovenia, or permanent residence for one, three, five, 10, or 15 years. Regardless of this, however, it is written that it would be advisable to set another additional alternative condition: that the individual's conduct to date has to be a guarantee of his positive attitude toward the Republic of Slovenia.

The new law does not impose new obligations on citizens and state authorities. In order to modernize their work and make it more efficient, however, the internal affairs authorities must establish central computer records on citizenship.

[Boxed item: From the beginning of 1977 to 1990, 8,744 favorable decisions were issued on releasing people from Slovene and Yugoslav citizenship, and 737 people's requests were denied. At the same time, 520 foreigners were accepted for citizenship in Slovenia and the SFRY, and 774 decisions were issued on accepting citizens of other republics for Slovene citizenship. There are more such requests every year (in 1990, 1,405 citizens of other republics applied for Slovene citizenship, and 3,600 did so during the first three months of 1991).]

Customs Law: Customs Officers Will Not Be Dismissed

The work of the Customs Service on our territory is to be conducted differently, it will be under the jurisdiction of the Slovene Republic Assembly. The proposal for issuing a law on the Customs Service, along with the draft law, specifies that the Customs Service will be organized as a republic administrative body in the Slovene Customs Administration, which would be part of the Republic Secretariat for Finance. The Customs Administration is to have its own regional bodies (customs houses), and the latter would also have organizational units—branch offices and officers.

Under the present system, there are nine customs houses in Slovenia, and those have 50 branch offices. There are 1,575 positions planned for the Customs Service. Most of them are occupied. Consequently, in order to ensure continuity and the unhindered passage of goods across the borders, the proposer currently does not anticipate

any major changes in the current organizational composition of the Customs Service in Slovenia. When the new legislation goes into effect, all employees of the Customs Service will automatically be employed by the new "employer," except for those who do not want to. The latter will have to state this in writing. The proposed law also specifies that employees of the Customs Service must know Slovene, and also Italian and Hungarian where those two languages are in official use. The external signs on customs houses, stamps, seals, official identification cards, and employees' uniforms are to be replaced. The deadlines for replacement will be set later. The law will go into effect on the date of its publication in URADNI LIST. Other rights, obligations, and responsibilities resulting from employment will be coordinated with republic legislation gradually, within six months. The Executive Council thinks that with the present employees and some rearrangements, it will be able to continue work at the customs houses and branch offices successfully, but it will be necessary to employ new people in the Customs Administration. The republic budget has allocated 640 million dinars for the needs of the Customs Service (employees' wages, materiel expenses, equipment and office spaces, and the replacement of signs, uniforms, and identification).

Law on the Republic Agency: Banks Are To Insure Their Deposits

The draft of the law on the republic agency that will insure deposits in banks and savings banks provides that such an agency will be established by the Executive Council in Ljubljana. The banks and savings banks will have to insure every savings deposit with that agency, up to an amount that will be determined by the Republic Secretary for Finance, in coordination with the NBS [National Bank of Slovenia]. In the event of the bankruptcy of a bank or savings bank, the agency will therefore have to repay the insured deposits, either directly to the depositors, or to the bank or savings bank that takes over the savings business of the bank or savings bank that went into bankruptcy. More detailed conditions for this insurance will be prescribed by the NBS.

The agency would be managed by a council composed of a president and six members. The president and at least three of the members must be banking and financial experts. They all have to be nominated by the NBS and the Republic Finance Secretary, and are appointed by the Republic Executive Council; this council is also responsible to the republic one for its work. The Republic Executive Council also confirms the agency's statute. Its account books have to be reviewed every year by a competent bank auditing service, which will report to the Slovene Assembly and its Executive Council about this.

The sources for the agency's payments will be the premiums that will be paid by banks and savings banks for insuring deposits, along with its own revenues, and money from the republic budget. About 15 people will be

employed to start the agency's work, and about 200 million dinars will be provided.

Until the agency is established, its work will be handled by the NBS. Regarding the state of citizens' deposits that are now guaranteed by the National Bank of Yugoslavia and the federation, this law does not mean a transfer of the federal guarantees to the Republic of Slovenia, but it nevertheless systematically regulates these matters on a market basis, with the republic and the agency for insuring deposits playing an active role.

Law on Passports: Regulating Travel by European Standards

One of the important "independence" laws is also the law on travel documents for citizens of the Republic of Slovenia. With it, Slovenia assumes all responsibility for issuing travel documents to citizens of the Republic of Slovenia.

The government's explanation said that through this law it wanted to achieve the following goals: to regulate travel documents and the possibility of travel abroad by citizens of Slovenia, in accordance with the level of democratization and freedom that has been achieved, and the rights of Slovene citizens as specified by constitutional amendments; the system for issuing travel documents is to be coordinated with the standards of the members of the EC; and the number of different types of travel documents is to be reduced and the procedure for issuing them is to be simplified.

The draft law provides that appropriate administrative bodies of the Republic of Slovenia will issue the following travel documents: a passport, a group passport, a diplomatic passport, an official passport, a passport for return, and travel documents issued in accordance with international agreements. The law describes in more detail who can possess and obtain each individual type of travel document.

According to this law, a passport would be valid for 10 years without the possibility of renewal. Passports valid for five years would be issued to individuals younger than 18. The procedure for issuing travel documents does not differ essentially from the present one.

Also important is the final provision, according to which passports and visas issued in accordance with the federal law now in effect will continue to be valid for another two years (an alternative is one year) after this law goes into effect. According to the provisions of this law, travel documents can be issued with the present forms for another six or 12 months after this Slovene law goes into effect.

Law on Foreigners: More Rigorous Conditions for Entering the State

The new Slovene law on foreigners is to regulate primarily three fundamental issues: It will ensure greater legal protection for foreigners residing here on for extended periods, and make it possible for them to participate

more fully in our society; it will ensure greater openness of the borders, while simultaneously setting more rigorous conditions for entering the state for those foreigners who would not meet the conditions for this; and, above all, this would transfer all authority to the Slovene authorities, which is particularly important for regulating issues of the status of foreigners and our own refugee policy.

According to federal law, regulation of the residence and protection of foreigners is under the jurisdiction of the Federal Assembly, but all operational jurisdiction is in the hands of the Federal Secretariats for Foreign and Internal Affairs. With the implementation of the plebiscitary decision and the adoption of the proposed law on foreigners, Slovenia will gain all of that authority.

The law on foreigners is to specify that anyone who is not a citizen of Slovenia is considered to be a foreigner, and that all foreigners, as long as they are in Slovenia, have to behave in accordance with its laws and other regulations and decisions by state bodies based on the Slovene Constitution and Slovenia's obligations from international treaties. This law will not apply to diplomats and consular representations, because those issues are regulated by international treaties.

Foreigners could come to Slovenia and remain for up to three months, both with a valid passport and a visa (if such a decision is made), as in the past, and also with a passport issued to the foreigner by a competent Slovene body. The law would permit tourists and businessmen to come to the country for a maximum of 30 days, also with only personal identification or some other document that can be used to determine identity and issue a special permit to enter the country. The law is also to contain an innovation according to which citizens of specific states could enter Slovenia with only personal identification or another document.

The law provides for several types of visas, including a work visa that can be obtained on the basis of the conclusion of an employment agreement, and a business visa that would be obtained by foreigners if they are conducting business in Slovenia such as, for instance, trade, professional work under a contract on commercial and technical cooperation, coproduction, technology transfer, or on the basis of the regulations governing foreign investments.

The law will cite all the reasons why foreigners will be prohibited from entering Slovenia—for instance, if they come with the intention of committing a crime or violation, for health reasons, etc. Entry also would not be permitted for those foreigners of whom it is determined that they do not have the funds to support themselves here. Slovenia would thus protect its citizens and their standard of living, and itself, against an undesired foreign population.

Of course, the new law will also regulate in detail how long foreigners' residence in Slovenia can be extended, the cases in which such permission can be revoked, and when they have to leave the country.

[Boxed item: The law will also regulated all issues associated with refugees. That status will be obtained by foreigners who will be driven out of their own country because of political beliefs or ethnic, racial, or religious identity. The establishment of a home for foreigners is also planned.]

Law on Borders: Militia on the Borders, and No Longer the Army

According to the law on crossing the state border and protecting the state border, all functions in connection with this will henceforth be under the jurisdiction of the Republic of Slovenia and its administrative bodies. Protection of the state border is now to be taken over by the internal affairs authorities (professional police units). With the adoption of this law, military border units will lose all of their former authority.

The law, which in many respects is modeled after West European countries, brings several innovations. Thus, it will eliminate the institution of a 100-meter border zone, which is still recognized only by a few East European countries. This will eliminate all the former restrictions on movements in that area. The special permits previously issued by competent opstina authorities will thus no longer be necessary.

The law will eliminate the obligation of a complete inspection at the border. These inspections of travel documents and vehicles will henceforth be at the discretion of the body responsible for controlling passage across the state border. The law also provides for expanding the possibilities of crossing the state border for tourism, mountain climbing, and other purposes.

The proposer of the law emphasizes that at any rate it is necessary to resolve the issue of the southern border, i.e., the border with Croatia, since a demarcation at sea has never been done to date. During the process of creating a state and disassociating from Yugoslavia, it will therefore be necessary to carry out this demarcation as well, both on land and at sea. In the case of establishing a state border with Croatia and opening border crossings, almost 600 border control jobs would be opened up. Reassignments will therefore be necessary. Employees from the present border crossings would be relocated to those crossings; additional hiring should thus be minimal.

Slovenia has a border 671 kilometers long, of which 226 kilometers on land and 29 kilometers at sea are with Italy, 315 kilometers are with Austria, and 102 kilometers are with Hungary. There are about 114 border crossings along that border. Last year about 118 million travelers crossed it in both directions, of whom more than 60 percent were foreigners. Border crossings on Slovene territory account for about 70 percent of all traffic through border crossings on Yugoslav territory.

Last year there were close to 7,300 escapes across the green border. The fugitives included about 4,800 foreigners; 54 organizers and 72 of their accomplices in

organized escapes and smuggling were discovered. Among the Yugoslavs who tried to cross the border illegally, most were Gypsies and Albanians from Kosovo; among the foreigners, most were Iranians, Turks, Romanians, Iraqis, Lebanese, Sri Lankans, and Filipinos.

[Boxed item: The Slovene borders are now guarded by close to 4,000 members of JLA [Yugoslav People's Army] border units. Under the new arrangement, they would be guarded by already existing militia units. The number of militiamen at militia stations along the border would be increased by close to 500. That number would be provided by appropriate reassignment and a partial enlistment of reserve militiamen.]

Law on Foreign Exchange Transactions: Resale of Foreign Exchange Would Not Be Prohibited

The law on foreign exchange transactions shifts the responsibility for obligations abroad directly to those who enter into individual transactions. The Republic of Slovenia will assume responsibility only for those obligations that will be assumed by agreement from the federation, and those which it will create itself.

Payments abroad will be unrestricted, and the basis for balancing balance-of-payments flows will be the exchange rate for the domestic currency, which will be freely established in the foreign exchange market. The NBS will use intervention in the market and monetary policy measures to ensure that the exchange rate of the domestic currency will be stable, or fluctuate within specific limits.

The law preserves the obligation to resell foreign exchange from payments for exports, for the sake of the republic's credit obligations abroad, but eliminates administratively determined deadlines for depositing foreign exchange obtained by means of exports, along with several other administratively determined restrictions.

It explicitly allows the use of a foreign exchange clause, and the resale and purchase of foreign exchange among physical persons are not prohibited. The present method of foreign exchange savings by domestic physical persons is to be completely preserved. Foreigners doing business on Slovene territory will also have the same status that Slovene citizens have and will have with respect to foreign exchange transactions.

In principle, the foreign exchange rate would be established in the free market, on the basis of the purchase and sale of foreign exchange among authorized banks, domestic persons, and the NBS. The draft law's 11th article, however, says that the NBS will set the exchange rate of the domestic currency after first obtaining an opinion from the Executive Council. That is a decision that at any rate sheds a little light on the professed autonomy of the NBS. In the event of balance-of-payments or liquidity problems, the Executive Council will also be able to restrict free transactions

involving foreign exchange, but only through measures that will be in effect for six months at most.

The law determines the foreign exchange reserves of the authorized banks, the international foreign exchange reserves of the NBS, and Slovenia's foreign exchange reserves. Instead of the present federal foreign exchange inspectorate, a corresponding republic body is to be instituted.

The draft law does not talk about guarantees for the present foreign exchange deposits of citizens in banks on Slovene territory. That is to be the subject of a separate law.

[Boxed item: Foreign borrowing, however, is discussed by the draft law on foreign credit relations. The draft completely eliminates restrictions on obtaining loans abroad, but shifts all responsibility to those who do the borrowing. The NBS will prescribe special conditions for borrowing only in exceptional cases. The Assembly, of course, will have to pass a separate law for all loans obtained abroad by the state.]

Law on Banks and Savings Banks: More Efficiency, but With More Control

The law on banks and savings banks abandons excessively detailed formalization of the status of banks and introduction of state regulations concerning banks as business entities. One can hear from banking circles, however, that the law puts too much emphasis on the so-called preventive oversight role of the NBS in this area, which may eliminate banks' business flexibility. The committee on the credit and monetary system, however, has rejected such notions, saying that there can never be too strict an oversight over the operations of commercial banks, since in the end we also thereby protect the so-called small depositor.

The draft law itself brings numerous new possibilities, which—especially in conjunction with the law that regulates insurance on deposits—will also give our banking system a different position in the management of money. Among the basic characteristics of the banking law, it should be mentioned that banks can be established by domestic and foreign legal and physical persons, and that a foreign bank can also establish a branch, business unit, or unit here. Understandably, the NBS also has to give permission for the establishment of any bank. In addition to the founding capital (its lower limit is already set by the law, with 50 million dinars now specified), a bank also has to secure guarantee capital for itself which would ensure security for creditors' claims and property entrusted to the bank.

From the previous legislation in this area, there are the well-known multipliers with respect to the extent of bank deposits, and limitations with respect to approving loans to private parties, i.e., the size of an individual loan to one debtor. It is interesting that in contrast to banks, the draft law describes savings banks as financial institutions with an unlimited joint guarantee from the founders,

which offer the opportunity to invest savings safely. A savings bank can be established by a sociopolitical community, but also by private individuals with permanent residence in the area of the savings bank who are also at the same time citizens of the Republic of Slovenia. The minimum founding deposit for organizing a savings bank is relatively low, i.e., 1.5 million dinars, which is explained by the fact that the founders of a savings bank provide a unlimited joint guarantee for its obligations.

In order to establish a savings bank, in addition to this it is also necessary to have at least 30 members if it is being established by other legal persons or by private individuals, and not by a sociopolitical community; in this case the individual membership deposit cannot exceed 10 percent of the entire founding deposit. Obviously, this law will finally put an end to the numerous internal savings banks at enterprises, although it was the enterprises that were thus helped a great deal with their liquidity, and still offered depositors much more attractive interest rates than the banks.

Since it is necessary to ensure a basically different banking system, all bank operations are to depend upon capital and the funds by which banks can cover risks without limitation. Bank ownership is no longer limited solely to specific economic groups, but in spite of this the proposed legal system even prohibits the excessive concentration of bank ownership and the dependence of banks upon the state. The oversight of banking transactions is acquiring a completely new role, since instead of formal monitoring of the conformity of banking transactions with the law, a substantively new creditworthiness control is planned which is aimed primarily at ensuring the security of banking transactions and an equal competitive position for all banks in Slovenia, regardless of their size and location.

A particularly important innovation is the fact that there would also be a decrease in the primary debtors' influence upon bank operations: Thus, for example, representatives of enterprises that are net debtors of the banks will no longer be able to sit on their boards of directors. At the same time, the bank management is also to manage the bank independently of the direct influence of owners upon daily operations; the latter, of course, must be entirely subordinated to the fundamental principles of the banking system: security, liquidity, and profitability.

Law on the National Bank of Slovenia: The Basic Concern of the NBS Will Be the Stability of the Currency

Even though the Law on the National Bank of Slovenia was prepared in the strictest of secrecy, the legal text itself (the proposal for issuing the law, along with the draft) does not even bring any surprising innovations. In fact, since a great deal is already known about monetary policy, especially from the foreign legal regulations in this area with which people are attempting to compare

this law—it is not surprising that the key task of Slovenia's central bank is concern for the stability of the currency. Under the new system, the NBS, in fact, will also be Slovenia's central bank, which is autonomous in its operations and is directly responsible to the Assembly of the Republic of Slovenia. Issuance profits from its operations will be transferred to the republic budget.

The draft law describes the NBS as an autonomous institution (it could also propose laws and regulations itself). Its fundamental bodies are the NBS council (a new body) and the NBS governor. The composition of the council is interesting: In order to ensure its professionalism and political independence, it is stipulated that it would be composed of six independent experts, a governor, a deputy governor, and three vice governors. Their term of office is to last for six years. The council is to adopt its decisions by a two-thirds majority of the votes of all members of the council.

The operations of the NBS, of course, will be of crucial importance. It is planned that there will be two fundamental innovations in balancing the amount of money in circulation: In this case, classic monetary policy measures have been expanded by the purchase and sale of state securities. Selective financing would be eliminated by prohibiting the possibility of financing banks on the basis of specific papers. Particularly worth repeating is the provision that the state can incur debts and issue state loans and guarantees only on the basis of a law.

The NBS is concerned with the general liquidity of banks and with balancing general liquidity in payments to foreign countries (but it is expected that the NBS will not be able to sell much foreign exchange at first); the possibility that the NBS will open clearing accounts (in dinars or a future Slovene currency) for doing business with other parts of the present Yugoslavia is worth noting. The transfer of state accounts to the central bank has been proposed; this would prevent the state from influencing the business policy of banks. On the other hand, however, there is also an important provision ruling out the possibility of the NBS's giving loans to the republic, except in exceptional cases for short-term loans to bridge over temporary imbalances between incoming revenues and expenditures. In this case, the size of the loans is also limited to 10 percent of the annual budget, i.e., a third of the anticipated budget deficit.

There are many questions concerning a new Slovene currency. The draft law, however, does not answer them, except for saying that two possibilities are foreseen: All obligations, rights, and other monetary transactions expressed in dinars (and also dinar savings deposits) will be expressed in the currency of the Republic of Slovenia (or in dinars), and the same thing also applies to payments, of course. The dinar will remain a legal medium of payment, until Slovenia introduces another medium of payment and accounting unit. In fact, separate legislation will also have to decide on the exchange of dinar cash for cash in the new currency, the exchange rate, etc. It may be of interest to many people that the draft law

provides that bank notes that are a legal medium of payment are only issued by the NBS, but coins are issued by the Republic of Slovenia. That provision can be interpreted as saying that different private transactions (issuing lipas, etc.) are undesirable or may even be prohibited.

In connection with the Slovene currency, a representative of the NBS on the committee for credit and monetary policy thought that it was a serious step, in regard to which it was necessary to proceed in such a way that the new money would not be unstable from the very beginning. This, of course, indicates that we still will not have a new currency overnight.

Bosnian Muslim Leader Condemns JNA

*91BA0818B Zagreb VJESNIK in Serbo-Croatian
2 Jun 91 p 11*

[Interview with Adija Zulfikarpasic, chairman and founder of the Muslim Bosnian Organization, by Ivica Nasic in Zurich; date not given: "Zulfikarpasic: Split With Serbs Not End of World"—first two paragraphs are VJESNIK introduction]

[Text] The recent meeting of SDA [Party of Democratic Action] and MBO [Muslim Bosnian Organization] representatives was a first-class media and political event. Many persons saw in it an announcement of reconciliation of two "Muslim parties" which, as is asserted by their leaders, parted ways last fall on matters of principle. Will the Muslims of Bosnia-Herzegovina and of the entire country really wage political battles in the future under only one flag? We asked Adija Zulfikarpasic for the answer to this and other topical political questions. The chairman and founder of the MBO was interviewed in Zurich, where he has resided permanently for 45 years.

"It is important to the MBO to know just how well the SDA is informed about the plans of our neighbors when it is a question of the fate of Bosnia-Herzegovina. And so I myself suggested our meeting. For certain reasons, I did not want a tete-a-tete with Alija Izetbegovic and insisted on a broader meeting. I had to undergo an eye operation in Zurich and so was unable to attend the meeting myself. However, I was provided exhaustive information on the progress of the meeting. Academician Muhamed Filipovic, Lamija Hadzisomanovic, Mujo Kafedzic, and Avdo Spaho represented the MBO responsibly. Alija Izetbegovic, Omer Behmen, Abdulah Konjicija, and Ejup Ganic negotiated on behalf of the SDA."

Dangerous Detente

[Nasic] Does the public interpret this discussion as a step toward reconciliation?

[Zulfikarpasic] There are differences of principle between us. From the beginning it has been no problem to me that we want a federated Bosnia-Herzegovina or

full sovereignty for the republic and the people. Izetbegovic's determinations and viewpoints are known. They follow a dangerous path that leads to domination by Serbia and Belgrade, into a federation with Serbia and Montenegro.

[Nasic] What are the programmatic and political positions of the MBO?

[Zulfikarpasic] They are ones designed not to irritate our Serbian neighbors. We must acquaint these neighbors with the boundaries we will not overstep. In no instance, under no circumstances, would we be willing to enter a confederation with the Serbs and Montenegrins that would leave Slovenia, Croatia, and Macedonia in a different relationship with Belgrade, one in which they would be units in a confederation loosely linked to the Serbs while we would be closely tied to them.

[Nasic] Would you say that the differences between the MBO and the SDA are of a fundamental nature?

[Zulfikarpasic] We believe that the SDA is leading our people into conflicts with its vague policies. This could cost Muslims their existence. Such policies could initiate a bloody settling of scores and jeopardize the freedom of Bosnia-Herzegovina. The people would never forgive us for this, not anyone in our generation, nor foreigners in particular. The fact is that we Bosnian Muslims make up a majority of the population in Bosnia-Herzegovina, and this gives us rights and responsibilities. We cannot set up a schedule and relax tensions. There are times when detente is normal, but also ones in which it leads to a subordinate position.

[Nasic] Subordinate to whom?

[Zulfikarpasic] We do not pursue an anti-Serb policy. Nor do we want to pursue a policy without the Serbs, but even less so do we want to fold our arms and leave conduct of policy to them, placing the fate of Bosnia-Herzegovina in their hands. Today Bosnia-Herzegovina and its Assembly have been surrendered to the Serbs, except for the SDS [Independent Democratic Party], which does what it wants and as it wishes, represents approximately 25 percent of the population, and dictates to other parties in parliament what they are to say, whether they are for Yugoslavia or not, even if this is or is not the subject of discussion. We believe that the SDA does not have the courage to come out in the open and force this minority to vote. It would not be the end of the world if we were to split with the Serbs on this question.

Artificial SDA and SDS Agreement

[Nasic] What should be openly stated?

[Zulfikarpasic] We want the same thing with the Serbs as with the Croats, to share power, but we do not want to be subject to their rule. We want a position of equality for Serbs in Bosnia-Herzegovina. We do not want domination over them, and this is the only policy pursued by the

SDS. We want a free Bosnia-Herzegovina, not enslavement of the Muslim people. We must put forward a program showing what all Serbs can receive with our votes. We are willing to share freedom, but not to sacrifice ours. If the Serbs are not for the sovereignty of Bosnia-Herzegovina, they can join the opposition.

[Nasic] There are also Croats in Bosnia-Herzegovina.

[Zulfikarpasic] Their presence there should not be forgotten. It cannot be said that the fate of Bosnia-Herzegovina depends solely on agreement between the Serbs and the Muslims. It depends equally on agreement between Croats and Serbs and between Croats and Muslims. The Croats are our natural allies, but this does not mean that we want them as allies against the Serbs. Nor can the Serbs win us over to an alliance against the Croats. No single ethnic group can be exclusive.

[Nasic] Would you say that elections are unavoidable?

[Zulfikarpasic] They must be held in order to provide an opportunity for expression of choice. An artificial agreement is being preserved today. It is between the SDA and the SDS. If it is broken, political power and the political springtime will come to an end. The agreement between Izetbegovic and Karadzic is unstable, disloyal, and mysterious. They are acting as if there are no Croats in Bosnia-Herzegovina, as if there were no left wing and other ethnic parties such as the youth, communist, reformist, and MBO parties. The Serbian people must ask themselves if it wants to embark on an adventure, civil war, or on a period of many years of peace and democracy. The HDZ [Croatian Democratic Community] has always clearly supported preservation of the sovereignty of Bosnia-Herzegovina. Kljuic has pointed out several times that this policy is pursued in Sarajevo and not in Zagreb. We have no reason to be suspicious. The elections will determine if Muslims, Serbs, Croats, and the left wing and other parties want division of Bosnia-Herzegovina, entry into a federation with the Serbs and Montenegrins, or a union of free and sovereign states.

[Nasic] You do not agree with the political credo of Alija Izetbegovic?

[Zulfikarpasic] Where does he get the right to consider Bosnia-Herzegovina a second-rate republic? Not much time will pass before many in Belgrade and Sarajevo will be ashamed that they gave their support to adventurist and Serbian nationalist, actually anti-Serbian, ideas and plans. You see, it is known that Milosevic threatened to destroy Slovenia. He stated recently that there is nothing against its departure from Yugoslavia and its acceptance into a union of free Yugoslav peoples. What applies to little Slovenia must also apply to slightly larger Bosnia-Herzegovina just as it does to Serbia and Croatia.

Selling Smoke

[Nasic] Does Mr. Izetbegovic also have a model of his own for the future organization of the community of Yugoslav peoples?

[Zulfikarpasic] There cannot be anything in it. It is selling smoke, something that does not exist. Mr. Izetbegovic does not have the courage to take the step that has been taken in Croatia, Slovenia, and Macedonia. He is offering something we are not familiar with. I can say nothing about something that Izetbegovic has never openly defined, this "third option" of his. It can only be for the sovereignty of a people or its subjugation.

[Nasic] Are there nevertheless points of contact between the SDA and the MBO?

[Zulfikarpasic] Only if we find ourselves threatened by a civil war will there be no differences in Bosnia-Herzegovina between the MBO and the SDA. In that event we would forget everything, because we would be standing on the brink of the abyss. Then we surely would pursue a common policy.

[Nasic] Did you say civil war?

[Zulfikarpasic] Unfortunately, the clouds above our heads are getting blacker. Problems are becoming more complicated. There is much venom, doubt, distrust, and so danger that a catastrophe will occur. This is true above all because our political structures have not managed to secure democratic processes to their advantage. We will find culprits among others, but they are among us. It is a question of the persons who are leading Bosnia-Herzegovina, unfortunately those who represent the Muslim population of Bosnia. They cannot acquit themselves of this blame and excuse themselves.

[Nasic] Very wide areas of the country are turbulent.

[Zulfikarpasic] We cannot agree that the creation of so-called border areas is in the interest of any economic prosperity. We must be aware of the ethnic and religious divisions and that isolation of these areas in Bosnia-Herzegovina represents a direct threat to the Bosnian Muslims who live here. To carry out this border area project would necessarily destroy us. In that event we must have weapons. This is taking place before our very eyes. The politicians who close their eyes to this fact must know that by acting as they do they cause distrust and rage on the part of the Bosnian Muslim people. We are willing to live peacefully with everyone, but we are also ready to rise up against all those who try to threaten our peace. Never again will it be as it was in 1941 when we looked on with folded arms as our brothers in Bilec, Foc, or Nevesinje suffered. Whoever begins a bloody dance in Nevesinje must know that he will be dancing where Muslims are nearby. If somebody is in the minority as a Muslim in Bilec and Nevesinje, he is in the majority in the Cazinska region.

Wrongful Acts by the JNA

[Nasic] Many are convinced that the worst will be prevented by the JNA [Yugoslav People's Army].

[Zulfikarpasic] If the Army belongs to all Yugoslav peoples, no one will be able to destroy this Yugoslavia and Bosnia-Herzegovina. Unfortunately, in certain instances the JNA has not done enough to present itself fully in this role. It is still an implement of pressure and political struggle of one people, of one political structure that thinks it will extend its rule and domination if it provokes conflicts, and it forces the Army to act exclusively in the interests of this small group. In some situations the JNA has made wrong judgments and has acted improperly. It is true that it has not openly aligned itself with, say, Milosevic and his political program to spill blood. Only this reserve is preventing the adventurous forces from setting out in that direction. This shows that the Army is playing a certain positive role, even if not in a sufficiently clear and articulated manner.

[Nasic] Is there military activity on the other side of our borders that is associated with us?

[Zulfikarpasic] The German Government asked Parliament for permission to commit its Army outside NATO. This is readily understandable in the context of military intervention in Eastern Europe. There is open talk in diplomatic circles about the background of these aims. There is a readiness to use any method, even force, to prevent suffering by the Albanians in the Balkans. Both NATO and the United States are unwilling to allow the case of the Kurds to be repeated in Europe. I neither wish nor hope for intervention by foreign forces, a particular army or NATO, in order to prevent an internal settling of scores in our country. If this happens, it will be difficult for others to reconcile themselves to us. The people do not want this, despite the economic woes and the bad political system.

[Nasic] Do you discount the possibility of a military coup?

[Zulfikarpasic] A coup would cause the Army major problems. The Army would be a victim of the illusion that it can settle democratic processes. It would also be exposed to a policy of rejection by all of Europe. In this way the Army would also be alienated from the people. Whether he wants to or not, a person who institutes a dictatorship will begin to persecute his political rivals and terrorize and kill them. They will resist. Neither the Argentine, the Turkish, nor the Greek army thought when it seized power that it would be transformed into an organization of policemen oppressing its own people. However, the process of governance impelled them in this direction. Whatever the aims of the Army may be, if it dares to seize power it must hold it in the most undemocratic manner possible and so come into conflict with its own people and with public opinion throughout the world. I would not like for our Army to experience this.

[Nosic] There is terror everywhere, which many believe only the Army can prevent.

[Zulfikarpasic] These are very transitory problems if the JNA decides to solve them. The persons who set up barricades and engage in terror in Borovo Selo, Knin, Plitvice, and elsewhere are becoming weaker and less influential every day, even though they are becoming more dangerous. In my opinion, all these Babics and Martics are merely puppets dancing to music not composed in their villages and towns but outside them. They will come to an end when and if an agreement is reached. The evil will continue only if the injustice and the policy of anarchy is continued.

Mesic the Great Hope

[Nosic] What is your assessment of formation of the Muslim Ethnic Council for Sandzak?

[Zulfikarpasic] The Sandzak SDA exhibits certain features that this party lacks in Bosnia-Herzegovina. We in the MBO sympathize with the work of the Muslims in Sandzak, where there are many of our followers whom we are encouraging. I personally do not support the ethnic councils. They are symptoms of a tendency to solve political problems in a nonpolitical manner. Consequently, I reject them in principle. However, if a situation arises that excludes political solutions, then the ethnic councils, a certain readiness for self-defense, and an organization of this type are necessary and inevitable.

[Nosic] Has the Yugoslav political crisis been further deepened by the failure to elect Stjepan Mesic as head of the SFRY Presidency?

[Zulfikarpasic] The Presidency of Yugoslavia is an anachronism of political life in our country. When it is possible for a man for whom 100 people have voted for to become a member of the government leadership and coordinator of the government, this demonstrates that what is involved is a group of irresponsible and frivolous people. There is the honorable exception of those who have been elected by their people and have its confidence. The same is true of the presidencies of the republics. They are assembled to support certain dark political aims of individual political leaders. However much I would like for Mr. Mesic (who obviously is the only great hope for all of us) to head the Presidency of Yugoslavia, I maintain that the collective government leadership has already played its part and that it will be very, very difficult for it to achieve a position in which it has any authority. This is reason enough to abandon the talks among the presidents of the republics. They obviously lead to nothing but new misunderstandings.

[Nosic] How do Europe and the world view us?

[Zulfikarpasic] We are trying their patience. The world often does not understand us. I fear that we will have a trustee appointed for us. It does not matter whether it is the UN, the Council of Europe, NATO, or something similar. This is the last thing we should want. We have

used up all our credit. The only thing we can get is mercy and aid. Fewer and fewer persons are saying that these Yugoslavs must survive, that their industry and banking system must work. Only Prime Minister Markovic continues to have standing abroad. He is regarded as the last Mohican in preserving Yugoslavia and resolving its crisis. There is willingness to help Markovic's program.

[Nosic] The world allegedly wants a unified Yugoslavia.

[Zulfikarpasic] That is a big lie. No one has ever expressed such a desire either in speech or in writing, in Europe or the United States. It is true that the European Community, the United States, England, France, and others want a Yugoslavia, but they have left to us the decision as to whether it will be a union of free and sovereign states, a confederation, or something else. What Europe and America are demanding from us is that we in no way impede democratic processes, that we respect the rights of peoples, external and internal borders, and the sovereignty and freedom of the individual and of ethnic minorities—all things expressed in the Helsinki declaration. Before he left for the United States, Helmut Kohl was asked what he thought about the referendum in Croatia. His succinct reply was that "Europe, my country, and I have been fighting for 40 years for the right of every people to decide its own destiny."

Opinion Poll on Macedonian Parties

91BA0818A Zagreb VJESNIK in Serbo-Croatian
1 Jun 91 p 7

[Article by Dragan Djuric: "Georgijevski's Rating Drops"—first paragraph is VJESNIK introduction]

[Text] Macedonian politics would lose its momentum as a result of new elections, along with the card it is trying to play: reorganization of the Yugoslav community into a "union of sovereign states." It would be weaker. And so new elections should not be expected until a new constitution is written for the republic.

At the present time no one in Macedonia is thinking of scheduling new elections. But the reasons for this political disposition are, it seems, to be sought at least in the assessment by Macedonian premier, Dr. Nikola Kljusev, that "Macedonia is a rare oasis of peace in Yugoslavia," and in satisfaction with the previous policy. If we are to believe the results of the public opinion poll recently taken by the Institute for Sociological and Political-Legal Research in Skopje, the political rating of the two parties with the most parliamentary seats, the Macedonian national party VMRO-DPMNE (37 seats) and the former Communists, now Social Democrats (31 seats), is declining.

The Communists Have Done Better

When answering the question of whether these two parties have kept their preelection promises, 7.5 percent

of those polled replied in the affirmative for the VMRO-DPMNE and 9 percent for the new Social Democrats. To judge by this poll, the Social Democrats have done better. While 50.8 percent of those polled displayed a negative attitude toward the VMRO-DPMNE, 31.5 percent expressed negative feelings toward the social democrats. Others gave answers to the effect that promises had been "partly" kept or that "they were unable to answer."

If new elections were to be scheduled, 20.9 percent of those polled would vote for the Social Democrats, while the VMRO-DPMNE and the League of Reform Forces of Macedonia would each receive 17.9 percent of the votes of those polled. Consequently, there would be no essential change in parliament, in which currently no party has one-third of the seats.

Despite the fact that fear of a possible electoral fiasco might be the reason that for the time being no party is considering new elections, a more decisive factor is what is happening on the Yugoslav political scene, where Macedonia as well is demanding its "place in the sun." In any event, as a result of elections politics would lose its rhythm, and so the card it is betting on, reorganization of the Yugoslav community into a "union of sovereign states," would be weaker. Consequently, new elections are not to be expected, at least not until the new constitution of the republic is adopted.

Gligorov's Reputation Is Growing

It is nevertheless interesting that, in a situation in which the main political role is being very successfully played by president Kiro Gligorov, who, as he himself often points out, is "president of all the citizens of Macedonia," the reputation of the party that considers itself to be the moral winner of the elections continues to decline. Although it did not win enough parliamentary seats to dictate Macedonian policy, but has the largest number of representatives in parliament, this does little to help the VMRO-DPMNE, personified by its young chairman and Gligorov's vice president, Lupce Georgijevski. Even though they were the ones to propose the issue of a declaration regarding the sovereignty of Macedonia, this declaration came about as the work of the collective mind of the entire Macedonian parliament. At the last meeting of the Constitutional Commission, the representatives of this party again failed to persuade the other members to change the constitution. At the end of the week, parliament readily adopted the proposal made by Macedonian president Gligorov. As a matter of fact, it was more a question of time, of who was first, and less a matter of the substance itself of the proposal.

After the elections, the VMRO-DPMNE also did not have even a narrow majority in the Skopje municipal assembly. One of its committee members switched to the party of the former VMRO-DPMNE deputy chairman, the recently founded VMRO-Democratic Party of Vladimir Golubovski. Because of a court decision in

effect, another committee member was deprived of immunity and had to abandon his seat, which is currently empty.

The VMRO-DPMNE on the Terrorist List

To judge by a TANJUG report, this party was also placed on a State Department blacklist. In its annual report, "The Scope of Global Terrorism, 1990," it is stated that the party "originates in a known terrorist group dating from the end of the 19th and beginning of the 20th centuries." Even though the report stresses that the VMRO has rejected terrorism, because of certain extremist statements the report expresses the doubt that terrorism has been completely eliminated. According to the TANJUG version of the State Department report, some newspaper accounts state that some members of this party have sworn death to politicians of other political groups.

In any event, it will not be at all easy for party leader Georgijevski, who is currently on a visit of several days to France at the invitation of an association of Macedonian citizens temporarily employed abroad. And it will still be necessary for him to convince both his own and the international public of the importance of the political action taken by the party.

POLITIKA's Deputy Chief Editor Elected

*AU1806194591 Belgrade POLITIKA in Serbo-Croatian
29 May 91 p 7*

[Unattributed article: "Momcilo Pantelic Deputy Chief and Responsible Editor of Our Paper"]

[Text] At a proposal from Dr. Aleksandar Prlja, chief and responsible editor, the editorial collegium, the editorial board, and the editorial staff have elected Momcilo Pantelic as deputy chief and responsible editor of our paper.

Momcilo Pantelic joined our paper in 1971 through an advertisement and went through all phases, from associate on the Belgrade Chronicle pages and the internal affairs column to associate and editor of the foreign politics column. He has just returned from Buenos Aires where he was POLITIKA's permanent correspondent for five years.

According to the new organization of the paper's management, and considering the recent separation of the functions of POLITIKA's chief and responsible editor and director, two deputies are envisaged for the chief and responsible editor of the paper. Besides Momcilo Pantelic, Dragoljub Pajic, who has up until now performed this duty, will also hold this position.

Problems of Serbian Large Enterprises Discussed
91BA0807A Belgrade NIN in Serbo-Croatian 7 Jun 91
pp 16-17

[Article by Vesna Kostic, Dragan Lazic, Tihomir Nesic, and Milutin Zivkovic: "From Hole to Hole"]

[Text] The giants of the socialist economy throughout Yugoslavia are no longer on shaky feet—they are on their knees. Last year's curbing of inflation and the turning of the faucets at the Topcider printing plant [where dinars are printed] lifted the haze that for years has hidden the real picture concerning them and the society of which they were once model representatives.

Before the first multiparty elections in Serbia, the authorities at that time (and now) burned away the last smokescreen around the real economic picture in Serbia, but obtained money artificially—by a raid on the payments system and a budget deficit. Those bills soon came due, but solutions are again being sought where they do not exist. Now the available money in Serbia is being moved from one hole to another: When there is money for pensions, there is no money for minimum wages; when money is found for them, there are no salaries for education; then, there is no money for health care, and so on in a circle. People are increasingly doing what was once called "living on coupons."

The current Serbian government's delusion that a bright future will be brought here by the old, illiquid, and internationally uncompetitive enterprises is taking its toll on all sides. Thus, for instance, Crvena Zastava [Red Flag] is pulling Geneks after it, and it has been announced that the latter is on the threshold of closing its firms abroad.

Kragujevac: Star! Star!

In recent months, more than 50,000 workers at Zastava in Kragujevac have often been in the situation of waiting for their advances or salary payments like retirees. Now people already know quite reliably the dates when certain finance directors—when money goes into the vaults of the local SDK [Public Auditing Service]—will "celebrate" in the nearby cafes.... It is also well known that that money often arrives thanks to short-term loans from various sources. In one of this year's predicaments, we have heard—and it has not been denied—the money came out of the treasury of the powerful soccer club Crvena Zvezda [Red Star], this year's European champion.

Thanks to this, wages are still being paid regularly. In addition to loans, people here are so far also resorting to other measures to get hold of fresh money. One of them is the recently approved financing of about 3,000 organized groups of buyers who are supposed to buy almost 50,000 cars—with a 20 percent cash deposit. There are also difficulties, however, in the fact that there is not even enough money for regular production, which marks a low point from the beginning of the year. Toward the

end of May, the assembly lines were not even operating at all. It has even been officially announced here that "the situation with the supply of parts is such that it is no longer possible to make up for lost production by working on free Saturdays, as before, because there are not enough parts for regular production, or even for completing the nearly 9,500 cars that are standing on the factory lots and cannot go to the market."

Buyers are waiting much longer than the periods contracted for. At Zastava, they are waiting most of all for the irregular deliveries from Jugoplastika in Split, while at the same time, Zastava owes the most to that (Croatian) partner. There are not enough engines, brakes, and some other parts, as well. That is why only close to 60 percent of the production plan was achieved in May.

Almost 30 billion dinars have been obtained for paying the suppliers that are most jeopardized, and there have also been attempts to ensure imports of essential raw materials for the more important subcontractors in Yugoslavia. Specifically, letters of credit have been opened through Jugobanka for payments to foreign suppliers of sheet metal, paint, plastic, and other parts. Since production has been reduced by almost 30 percent, almost 21,000 cars are owed to buyers who paid for the vehicles a long time ago. Because of difficulties with payments of tariffs, deliveries from the USSR, Italy, and Poland are far below those previously contracted for.

At any rate, Zastava is hardly giving out any sort of official data on the state of its liquidity or illiquidity. It can only be heard unofficially that the 30 million dinars obtained for a "transfusion" for suppliers is less than half the total debt. Admittedly, many people are in debt to this collective, since it is known that entire services have been engaged to collect money and secure funds for current production.

Nis: Living on Vouchers

More than 12,000 workers at the Nis Machine Works [MIN] have been receiving minimum wages for half a year now. And even that is irregular: Half of the minimum wages is usually in dinars, and the other half is in vouchers with which workers can buy groceries at certain shops.

MIN's losses are 50 percent higher than the enterprise's business fund. Its debts are close to 860 million dinars (it owes 630 million to the Nis Bank, and 230 million to other creditors). In the event of this enterprise's bankruptcy, the creditors would not be able to settle a third of the debts, even after selling off the entire property.

It is estimated that 360 million dinars would be needed to take care of the almost 3,000 workers who represent MIN's technological surplus, while the enterprise needs 240 million for guaranteed salaries.

Because of this situation, the enterprise is falling apart, and each of its parts is trying to find a solution for itself. The factories that are considered the "healthy nucleus"

are not paying attention to the central administration, and the factories in jeopardy are only waiting for money from the administration. In such a difficult situation, MIN is electing a new general director.

Smederevo: Bare Existence

A possible solution is seen in the following formula: having creditors write off half the debt, and convert the rest into shares, so that the purchasers of the shares will become co-owners of MIN, along with the Republic of Serbia. The Nis economy has pulled the Nis Bank along with it, however, so that any solution for the present illiquidity presupposes prior financial rehabilitation of the bank.

The Smederevo Metallurgical Combine [MKS], a socialized enterprise that is in the process of restructuring its ownership and management into a stock company, employs 7,722 workers at this time. That is 3,365 people fewer than this steelworks had at the end of 1988, when a large technological surplus appeared in the labor force. In the last two and a half years, the number of workers has been reduced by 1,430, while 1,835 workers settled their employment status by transferring to newly formed enterprises. The plan provided that at the end of this year, MKS would have 6,995 employees, which implies the departure of almost 770 more workers and clerks.

The combine's economic situation is extremely difficult, since this large collective is fighting to maintain its bare existence. It lacks working capital to finance production, and because of its prolonged illiquidity, wages are being received after a long delay—in two parts, and partly in coupons.

The average monthly wage in the first quarter amounted to almost 5,000 dinars, and is lower than the average for the Serbian economy. The salaries for April had not yet been paid by 4 June. The enterprise's transfer account has been blocked for two months now. For the time being, unsettled obligations to suppliers and creditors amount to \$114 million. The debts are \$30 million higher than accounts receivable, and the 116 million dinar loss from the year before last has not yet been paid off.

The Smederevo steelworks is also facing a drop in production this year (almost 17 percent in the first quarter). During the past five months, production has been halted twice. The first time was because of a shortage of natural gas, and the second time was because of supply problems and excessive prices for raw materials, energy (coke, gas, and electricity), and railroad transportation. Because of these stoppages, which lasted for several days, 120,000 tons of production were lost. MKS is not having major difficulties this year in selling steel and hot-rolled and cold-rolled steel sheets and strips, but the export prices are low for MKS.