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CZECHOSLOVAKIA

Pithard Rejects Slovak State Treaty Proposal

AU3005104691 Bratislava SLOVENSKY DENNIK
in Slovak 24 May 91 p 3

["Excerpt" from an interview with Czech Prime Minister Petr Pithart by Jan Machacek and Bohuslav Blazek, reprinted from the 20-26 May edition of RESPEKT; place and date of interview not given: "Petr Pithart on a State Treaty"—first paragraph is SLOVENSKY DENNIK introduction]

[Text] In an interview for the weekly RESPEKT, Czech Prime Minister Petr Pithart also replied to three questions associated with Czechoslovakia's future constitutional and legal arrangement.

[RESPEKT] Could you evaluate the situation regarding the talks on the constitutions? What exactly is that mysterious treaty or agreement you talked about at the Lany meeting?

[Pithart] The entire problem rests on the fact that our state evolved in an atypical manner by the division of a unitary state. Although we can find such cases throughout the world, federations usually evolve when individual entities voluntarily enter into a federation and then become associates. This did not happen in 1918, and this situation can no longer be completely rectified. We would have to separate the republics and make them subjects of international law—that is, completely sovereign states—and this is unacceptable. There will never be any talk of a state treaty, it was definitively buried in Lany. A state treaty means that nothing other than a mere confederation can evolve, that is, a free association that no longer exists in the world because it was unable to prove itself. We are talking about a treaty or an agreement. The Czech side prefers the word agreement and the Slovak side prefers the word treaty. In essence, symmetrical concepts are involved. Only civil law registers a substantial difference between them and only lawyers differentiate between these subtle nuances. The issue now involves giving Slovakia an opportunity to express its will by a legal act since it can no longer enter into a federative union.

Four historical agreements concerning Czechs and Slovaks were not adhered to: The Pittsburgh agreement, the Cleveland agreement, the Kosice government program, and the 1968 Constitutional Law on the Federation. What was enshrined in the treaties was never fulfilled for various reasons. Therefore, I fully understand the Slovak endeavor, but, of course, with the prerequisite that the Federal Assembly has the decisive say about the state arrangement and, secondly, that both states do not become independent even for a moment.

[RESPEKT] Do you agree with the view that in the parliamentary elections citizens entrusted the Federal Assembly with the federation issue? That is, are matters concerning the federation within the jurisdiction of the

elected Federal Assembly? If so, it is impossible to allow the national councils, who were delegated only jurisdiction to run the republics, to interfere in these matters.

[Pithart] A treaty or agreement would only concern certain principles, not the entire constitution, but only that part that would concern the constitutional and legal arrangement; it would be a directive for the Federal Assembly. The Federal Assembly would have the final say. We generally know that Slovakia considers its representatives in the Slovak National Council to be of a higher quality than its representatives in the federation: A Slovak who shows his face in Prague is denounced and not regarded as one of their own. Slovaks regard their representatives in the national council as the representatives of the Slovak nation. The Federal Assembly is merely a civic representative body to them. I am constantly asking when we will finally agree that a territorial and civic principle is the basis of the state. The Slovak side wanted the constitution to be additionally ratified by the national councils. However, this would degrade the Federal Assembly and turn it into the legislative department of some office. Give us certain principles, we will adapt them, and if it suits you, then kindly ratify it. This is unacceptable. They are not aware of this difference, because they regard their representation in the Federal Assembly to be lower.

[RESPEKT] Was something really agreed upon in Lany or was the Slovak side inscrutably silent again? Is an agreement in sight?

[Pithart] Significant progress was made. Ratification and something that should precede an agreement are still open. The Slovak side is still demanding that the national councils be invited to this agreement or be authorized by a special constitutional law on the process of preparing the constitution, a law that the Federal Assembly would adopt. That is, they want the rights they already have to be even more sacred, which is absurd. There will be no state agreement, but this issue—unfortunately—remains open.

Carnogursky on Czech-Slovak Agreement

LD3005145191 Prague Federal 1 Television Network
in Czech 1730 GMT 29 May 91

[Text] The main reason for today's visit by Slovak Prime Minister Jan Carnogursky to Prague was, according to his own words, the news conference organized at 1300 GMT at the Foreign Ministry. Jan Carnogursky spoke there about the issues of the future legislative composition of the state:

[Begin Carnogursky recording] In the issue of an agreement between the Slovak Republic and the Czech Republic two aspects are being discussed which are far from being the most important: one is the name of this agreement, and the second is the form of this agreement.

I thought after the latest meeting in Lany that it is more or less clarified, it means that it will be an agreement

between the Slovak Republic and the Czech Republic. To tell the truth, after the consequent statement, for example, by Czech Prime Minister Petr Pithart, and also by Mrs. Buresova, I am not quite sure whether the consent at least with regard to the existence of the agreement is quite as perfect. I am slightly worried that on the part of the Czech political representation there is an effort to transfer some jurisdiction back to the federal level. On the other hand, on the part of the Slovak political representation there is more of a movement to the other side toward transferring jurisdiction to the republics. [end recording]

At 1500 GMT Jan Carnogursky met with Josef Lux, chairman of the Czechoslovak People's Party.

Carnogursky Defines His Political Goals

91CH0542A Vienna PROFIL in German 2 Apr 91 p 57

[Interview with then Slovak Vice Prime Minister (now Prime Minister) Jan Carnogursky by Jerzy Gorski; place and date not given: "Until the Next Crisis"—first paragraph is PROFIL introduction]

[Text] Jan Carnogursky, 47, was known in Slovakia as a defense lawyer for political and religious dissidents until the communist authorities took away his license to practice law and threw him into jail in his native town of Bratislava in 1989. In the course of the "velvet revolution" the Christian Democrat rapidly turned from prisoner to political leader. This interview took place in connection with the "European Round Table," a meeting held in Vienna and sponsored by the OeVP [Austrian People's Party].

[Gorski] Can you visualize an independent state of Slovakia?

[Carnogursky] As long as Czechoslovakia remains outside the European Community, Slovakia will remain a part of that country. Our goal, however, is to have Slovakia act as Slovakia in an integrated Europe of the future. We would like to prepare the way for that eventuality now.

[Gorski] Do nationalist demonstrations serve that end?

[Carnogursky] There were only two demonstrations. The first of these was organized by Matica Slovenska (a cultural organization). It was held on behalf of Slovakian sovereignty which is not synonymous with quitting the CSFR. It merely signified that Slovakia wishes to go its own way like most of republics of the Soviet Union or of Yugoslavia. They wish to remain part of the confederation while merely altering the internal structure of the state. That is the case in Slovakia as well. The second demonstration was far smaller; it was held on the occasion of the 52d anniversary of the establishment of the Slovakian state. This demonstration brought a trauma to the surface which was not been overcome to this day, i.e. that Slovakia only existed at least formally as an independent state in the period between 1939 and 1945.

[Gorski] How do you feel about the role Vladimir Meciar, the Slovakian prime minister, is playing who is acting the part of the great nationalist all of a sudden?

[Carnogursky] He was and still is very popular because he addresses all issues very directly. Of course this can only be done at the expense of simplifying the problems. But people like that kind of thing. I have been criticized for using too complicated language. In a certain sense, my position on the political spectrum of Slovakia is entirely different. But we believe that this is a problem of domestic politics which should be resolved inside Slovakia. And we would not like Prime Minister Meciar to quit his post; under circumstances that might be viewed by the population as a conspiracy by the politicians. That is why we would rather have him stay in office at least until the next political crisis.

[Gorski] What needs to be done to keep the CSFR alive?

[Carnogursky] A treaty should be concluded between the two republics that make up the Czechslovak federation. It should be a legally binding document which could not be altered at the drop of a hat.

[Gorski] What should the document include?

[Carnogursky] That the sovereignty of the republic is fundamental and that the republics cede part of their sovereign rights to the state, to the federation. A second law should designate the common governmental bodies, define the right to leave the federation and the manner in which the Slovak and the Czech republics will be integrated into the European Community at a later date. There should be a joint foreign policy as there is today.

[Gorski] Were you pleased about President Vaclav Havel's announcement that Slovak conscripts would be permitted to perform their military service in Slovakia in the future?

[Carnogursky] That had long been agreed upon. As long as the potential enemy was solely in the West the main body of the Army took up its position along the western borders of Czechoslovakia. Now the Army is distributed equally throughout the country and there no longer is any reason for the majority of Slovakian soldiers to perform their service in Bohemia. Of course some highly specialized, mixed army units consisting of both Czechs and Slovaks will continue to be stationed in Slovakia or in Bohemia.

[Gorski] What do you think of the demand for the formation of a third, Moravian republic?

[Carnogursky] In essence, this is internal matter which concerns the Czech republic. But I could see Moravia becoming a third component of the joint state of the Czechs and Slovaks.

[Gorski] But that does mean that there will be three republics?

[Carnogursky] The particulars have not been worked out as yet in the Czech republic. There might be a division into three entities but in such a case there would have to be strong constitutional guarantees that the Slovaks would not be outvoted on important issues by the Czechs and Moravians. Slovakia would have to be given the right to veto major decisions, e.g. changes in the constitution and some questions of defense and foreign policy.

[Gorski] Do you agree with the economic reforms instituted by [Minister of Finance] Vaclav Klaus?

[Carnogursky] Vaclav Klaus and his team have worked out a reform scenario based on generally accepted economic laws. But the implementation of every plan does cause problems of course and this plan has to be adapted to the realities. One major difference between the plan and the realities is that the economy should first be at least partly privatized and that prices should not be liberalized until later—so that competition will already exist which stabilizes prices. In reality, the opposite happened. Prices were allowed to rise first and only now enterprises are being privatized. The monopolies of the large state-owned enterprises continue to exist—and they are driving prices up.

[Gorski] Are you in favor of more privatization?

[Carnogursky] Yes, of course. We have made a number of suggestions about how the scenario could be brought into line with the realities. But the social aspects should also be stressed more forcefully.

[Gorski] Does Slovakia feel that it is being short-changed? It will be difficult to privatize the large arms manufacturing plants.

[Carnogursky] That is a problem for Slovakia which does not exist to the same extent in the Czech republic. Yes, there are some large enterprises in our part of the country which cannot be privatized.

Carnogursky on Reality of Integrated Europe

AU3105081191 Bratislava NARODNA OBRODA
in Slovak 24 May 91 p 13

[Interview with Slovak Prime Minister Jan Carnogursky by an unidentified reporter; place and date not given: "Slovakia Will Be an Element of Czechoslovakia"—reprinted from PLUS 7 DNI No. 10]

[Text] [PLUS 7 DNI] Opinions within your movement are divided on Slovakia's independence. Is the movement not threatened by a schism?

[Carnogursky] Some of our movement's members share more radical views on Slovakia's status—these views are very close to the Slovak National Party's views. On the other hand, the Protestant section is more federalist oriented. Because we are a movement, we are not at all bothered by the fact that such diverse currents exist. They are not so diverse that they would want to break away from us.

[PLUS 7 DNI] Will these movements within a movement not give names to themselves?

[Carnogursky] This is happening partially—the so-called Protestant section is now constituting itself into the Christian Democratic Movement's conservative line. They will express different opinions, but this belongs—in its own way—to the life of a movement in which diverse views compete among each other. Of course, their contradictory nature must not become like the one between the Meciar and Gal groups in the Public Against Violence movement.

[PLUS 7 DNI] What is your view of Slovakia in connection with its future in an integrated Europe?

[Carnogursky] My vision is that Slovakia will be an element of Czechoslovakia. When Czechoslovakia enters the European Community, Slovakia should negotiate for itself conditions enabling it to proceed in an independent manner. If I am to be honest, the chances are not great that things will turn out this way. It could only turn out this way if Slovak citizens consolidate themselves domestically and make certain sacrifices. I am not sure whether Slovakia will be able and willing to make such sacrifices to attain this position.

Vaculik Considers Dilemmas of Former Dissidents

91CH0562A Vienna DER STANDARD in German
10 Apr 91 p 31

[Article by Ludvik Vaculik: "Against the Dictatorship of Mediocrity"—first two paragraphs are DER STANDARD introduction]

[Text] Ludvik Vaculik, who was born in 1926 at Brumov in the CSFR, is a writer of prose, a feuilletonist, a publicist; in the 1970's, he headed the Pellice Samizdat Publishing House; he became famous primarily on the basis of his speech before the 1967 Czechoslovak Writers Congress and as the author of the appeal entitled "2,000 Words."

The present text is the abbreviated version of a lecture which Ludvik Vaculik recently gave at the invitation of the Austrian Society for Literature in Vienna. Translation from the Czech language was done by Marta Markova-Kotyk.

In a moralistic sense, I believe that intellectuals are not highly valued—at least in our country—and I cannot believe that things are much different here. Recently, Pavel Kohout wrote an article about this phenomenon: on the failure of leftist intellectuals in the West—on their blinker-type mentality which hampered them in penetrating and objectively evaluating the conditions in Czechoslovakia after 1968. And if they did indeed help us and were sympathetic toward us, then it was always done very carefully, so as not to incur the suspicion that they might be rightists.

But what do these concepts mean today? As far as I am concerned, I am a left-oriented rightist—or a right-oriented leftist? I am in favor of abolishing the centralist socialist system, but, at the same time, I pose the question for myself: Who will or should now realize the needs and dreams which, at one time, gave rise to socialism in our country?

Political Role-Playing

The intellectuals of the country must certainly take the largest amount of credit for the revolution which occurred in Czechoslovakia. Now they have also taken over political tasks and functions: dramatist Milan Uhde has become the minister of culture, journalist Jiri Dienstbier has become minister of foreign affairs, and another journalist, Lubos Dobrovsky, has even become the minister of defense.

Theater people and writers in our country are advisers to the president—I certainly need not particularly mention our charming ambassador—and an actor is doing quite a good job playing the chairman of the Commission for the Withdrawal of Soviet Troops. The whole thing sounds like a farce, and perhaps it is one or will yet become one.

In any event, when the moment of truth came, the critics of the regime had to answer for their critical views: History took them at their word, so to speak. However, they not only took on a role, but also the burden of an office—our president says only for two years until the country has a new constitution, but I fear that he has fallen into a trap here from which there will be no quick escape.

Is Adventure Routine?

The minister of culture took on his office with the intention of gaining acceptance for that which we repeatedly discussed in secret meetings: the separation of culture and state. One of my acquaintances, a scientist, complained for 20 years about the level of beginning students—he now has taken on the office of deputy education minister responsible for the section on advanced schools. Is that a dream or an adventure routine?

Another friend, an author, was appointed to be the director of broadcasting in order to teach the idiotic bureaucracy mafia some fear. Yet another, a professor of philosophy, wrote philosophical tracts for 20 years after being banished from the faculty—tracts which no one knew anything about—other than God and the state security apparatus. Now recalled to the university, he can, finally, give his lectures—and he is unhappy: The conditions are dreadful; if he wanted to change them, he would have to try for the position of dean. But should he risk a political conflict with a colleague who courts the student body, which is still intoxicated with the revolution, by conducting himself in a popular manner? Today, people who were silent at one time out of fear or complacency are striving for office and honors. And new careerists are also doing this.

The most active group of the intelligentsia has, in other words, defected to politics and is occupied with the solution of the problems of the times and it can hardly be denied that the principal task for the intellectuals consists of contemplating about things in their context and to regard individual phenomena from a distance.

The question as to how a specific policy can best be supported is not particularly supposed to concern an author. In the same manner that, until recently, we were opposed to the government, we must now prove that it is not our affair to speak for the people. Otherwise, the future will have ceased even before it has properly begun. The new Central Europe must not be established on the basis of old notions, habits, and emotions. The author is no propagandist; he is only responsible to himself. To grasp general moods and prevailing opinions and to regurgitate them is neither creative nor innovative. Our pride cannot lie in cultivating that which has already been achieved. Moreover, it is a matter of hurrying forward, of anticipating developments.

The importance of writers as a group of intellectuals is also not dependent upon how many of them there are and how many tons they jointly produce. There are enough books. Basically, a writer has only the significance which he himself ascribes to himself. We shall see whether he has any significance for others: The prerequisites for this have, basically, never been better than now.

Recently, I participated in the anniversary celebrations of the signing of Charter 77 in Prague. It was the purpose of the meeting to decide whether the Charter was to be disbanded or its activities continued and, if so, how. I went there with a firm opinion, but did not, at first, speak about it so as not to influence the others; and I also did not say anything at the end, because I left before the end. And I left with a feeling that the Charter, no matter what this assembly would decide, had come to its end. The next day, I read that the decision had been deferred for another year.

What Remains To Be Done?

The meeting took place in a hall in which sessions of the Communist Party had been held previously: A cynic would say that this had actually led already to the cessation of the existence of the Charter.

Some demanded that the Charter had to set new goals and an honest man proposed that it should protest against the price increases. Another individual remarked, not completely without justification, that a few young members could do us no harm, and a girl asked excitedly within the hall whether it was true that Dienstbier had at one time worked as a correspondent for RUDE PRAVO and that the prime minister of the government had been a Communist? That was the moment I bolted.

On the way home, I wondered what I had actually expected, what sort of thing I would "admit to," what I

would have wanted to "instigate": I visualize a group of people who would judge the conditions without compromise and who, after weighing all aspects, would reach a conclusion as to which path to embark upon, a group which would attract suitable personalities, would listen to viewpoints, and which would use these views in an attempt to gain access to the central decisionmaking apparatus in politics and economics in order to fight, on the basis of the principles of a democratic constitutional state, against the rule of mediocrity, which is threatening to destroy everything in this world.

FRG's Suessmuth on Sudeten Germans, Treaty

AU3005124191 Prague MLADA FRONTA DNES
in Czech 24 May 91 p 5

[Text] At the parliamentary conference in The Hague, our special correspondent asked Bundestag President Rita Suessmuth the following question: "Are you afraid that the demands of Sudeten German representatives could interfere with the preparation of the treaty between the CSFR and Germany and might become a disruptive factor in today's Central Europe?" Rita Suessmuth (Christian Democratic Union) replied:

"I think that some statements by the Sudeten German Landsmannschaft need not be overestimated. Prior to the next round of government-level talks with the CSFR, their demands will apparently be heard in the appropriate places in Bonn. There are, however, also positive suggestions coming from the Sudeten Germans. These could contribute to improving relations with the CSFR. Integration, including integration in Central Europe, will make better progress when we consider the cultural and other wishes of minorities. This is why I do not see any acute danger here."

HUNGARY

6-Party Consultation Proposal Viewed

Party Differences

91CH0550A Budapest MAGYAR HIRLAP
in Hungarian 16 Apr 91 p 7

[Article by Ervin Csizmadia: "Variations on Liberalism"]

[Text] According to FIDESZ [Association of Democratic Youth] logic there is a need for new negotiations in order to convince the public of the ability of political parties to learn something. FIDESZ' recommendation for six-party negotiations cannot be dealt with detached from the past months' processes. It would be unfortunate to present this matter as some kind of a sudden, "new populist" turn taken by FIDESZ, or more bluntly, to claim that the FIDESZ was taking advantage of the antiparty, antipolitical, and antiparliament public mood. Quite a few similar recommendations for negotiations have been made during the past year to correct the

situation characterized by a "lack of communications" which resulted from the agreement between the Hungarian Democratic Forum and the Alliance of Free Democrats, among other matters.

The general condition of today's politics in Hungary, and within that FIDESZ' latest call for six-party negotiations, could be the subject of a lengthy study. The scope of this brief article does not permit a critical or supportive analysis of either the general political situation, or of FIDESZ' proposal. In the following passages I wish to comment only on one aspect of the FIDESZ proposal. I will try to compare the increasingly pronounced liberal alternatives reflected in the political concepts represented by FIDESZ on the one hand, and the SZDSZ [Alliance of Free Democrats] on the other.

Before doing so, however, it will be necessary to make three preliminary remarks.

Last year the Hungarian Socialist Party made a proposal of this kind, and the prime minister talked about something similar in his speech in parliament last December. These calls were not overly successful: The MSZP [Hungarian Socialist Party] proposal did not carry sufficient political weight, and the prime minister's recommendation was rejected because it did not contain sufficient guidance as to the actual role to be played by the opposition in a possible negotiating process. Even though these initiatives did not succeed we must keep them in mind, just as we must keep track of part of the background to the present FIDESZ proposal.

Second, the FIDESZ proposal cannot be treated in isolation, because it probably would not have come about in the absence of a new opposition strategy announced by the SZDSZ last February. The FIDESZ' proposal pertains not merely to another six-party negotiation, it also constitutes a reaction to the announcement made by the largest opposition party concerning strategy by which the cabinet could be changed through constitutional processes. (And we must add here that due to its popularity, the FIDESZ proposal is substantially stronger than the proposal made before by the MSZP.)

Some rather sophisticated analyses provided by Janos Kis, Tamas Bauer and Miklos Tamas Gaspar in recent days paid little attention to this aspect of the matter, and tended to reiterate the threat to parliamentarism presented by the FIDESZ proposal.

And third, in light of the significant differences between considerations that guided FIDESZ and the SZDSZ respectively, the FIDESZ announcement may be viewed as a definitive practical step toward formulating a minimum liberal consensus. The idea of a liberal consensus has (also) been advanced several times in recent months by the SZDSZ. Thus far, relatively few practical steps were taken to establish and reach a consensus. The FIDESZ proposal suggests that the organization took appropriate note of two facts. These are as follows: On the one hand, it is possible as well as necessary to establish a liberal consensus with parties which do not

regard themselves primarily as liberal parties; on the other hand, the search for consensus must be decisively focused not on matters of principle, but on specific, practical legislative issues. Similarly, appropriate is the recognition that a new call for negotiations is required for reaching a liberal consensus; compared to that, the compromises to be reached with respect to matters subject to negotiation are of secondary significance.

In the framework of this logic new negotiations are needed so as to convince the public of the ability of political parties to learn something, of the fact that political parties are capable of manifesting appropriate tolerance toward each other a year later. In reality then, a series of negotiations like the one proposed appears to be suitable to lay the foundations for liberal political conduct.

Having said that, let us deal with the main topic of this article: the matter of liberal alternatives.

The step taken by FIDESZ may be regarded as essential not only for the reasons enumerated above, but also because it would put an end to a situation that has thus far been managed in a shameful way. This situation pertains to the similarity between the two liberal parties. In reality, this similarity (identity, according to many) did not actually exist of course even at the outset, yet, to this date, the public has been inclined to regard the FIDESZ and the SZDSZ as one and the same thing, even though in addition to tactical differences, some rather pronounced differences in political outlook existed between the two parties. Such differences do not represent any kind of ranking between the two parties, of course. It appears that what we see are two autonomous developmental paths.

As the leading force of the opposition, the SZDSZ reached an agreement in April 1990 with the MDF [Hungarian Democratic Forum], the largest ruling party. Eminent representatives of the party characterized this agreement as the indispensable condition for stabilizing democracy. However, this pact did not produce the parliamentary opportunities hoped for by the SZDSZ, to the contrary, it much rather forced the SZDSZ to play a weak or quasi-opposition role. From the standpoint of the SZDSZ, all of 1990 was consumed with struggling with this pact, and by trying to perform a parliamentary opposition role in the framework of the pact.

The SZDSZ made significant advances in the local elections and an opportunity offered itself to repeal the pact. Partly in response to obvious membership pressures, the SZDSZ began to increasingly voice the possibility of becoming the ruling party. In February 1991 it declared the goal of relieving the governing coalition by using constitutional processes.

I would point out two essential elements of this kind of political thought. One pertains to the SZDSZ's professed view of a grand coalition, the other concerns the SZDSZ' outlook on legality. The larger liberal party itself flirted with the idea of a grand coalition, but in reality, from

their standpoint, this idea never materialized in the form of an acceptable political goal. (This should be contrasted with the FIDESZ' approach which firmly represented the idea of establishing a grand coalition.) The Free Democrats would have accepted the idea of a grand coalition as a "necessary evil," but they did not really want to convince their negotiating partners of the necessity of having a grand coalition. The concept of making the cabinet fall was a logical sequel to this basic position.

The SZDSZ was also driven toward a more radical opposition role by its view of parliamentarism. This outlook rested on the pillar of having full confidence in parliamentary institutions. The appropriateness of this outlook is beyond debate, of course. On the other hand, I would indicate that from the SZDSZ viewpoint the other, equally important factor of democracy: the role of society appeared as a secondary issue as compared to the functioning of institutions in a constitutional state.

Considering all of this, we may say that the path followed by the SZDSZ is a possible liberal path. Its main values are the rendering of the liberal alternative as one that is capable to govern, and the stringency of their view of constitutional statehood and legitimacy.

Accordingly, at issue is not whether there is a difference between the SZDSZ and the FIDESZ in terms of traditional and fundamental liberal values (freedom, an outlook centered around the individual, human rights, etc.), but whether identical or similar principles suggest different practical political steps.

The practical politics pursued by FIDESZ has been defined from the beginning of the transition by FIDESZ' staying outside of the agreement reached between the two large parties. FIDESZ left no doubt that it was an advocate of a grand coalition, which goes on to suggest that FIDESZ did not have any ambitions to govern. An even more important difference between the SZDSZ and the FIDESZ views is that the FIDESZ' outlook on legality has changed as compared to its original views. From the outset, FIDESZ conveyed a pragmatic image akin to that of jurists.

FIDESZ has not shed this character ever since, but when compared to the SZDSZ' stringent view of legality, FIDESZ has moved in a different direction. It has tried, and continues to try to come closer with the stringent requirements of legality and of the constitutional state to the requirements established by society.

It seems that FIDESZ took note of the fact that the evolution of a legal system of appropriate standards does not automatically mean the evolution of democracy, or in different terms, that actual democracy may evolve only if citizens have something to do with their institutions and with their constitutional state. I am convinced that the approach between law and society, and the parallel treatment of these two viewpoints is one of the key issues of democracy in Hungary. In my view, the FIDESZ did not become a "new-populist" party (the expression used by Miklos Tamas Gaspar) as a result of

beginning to represent yet another (equally liberal, societal) principle in addition to constitutional statehood and the institutional character of governance.

Behind the six-party proposal we recognize a need for the equal representation of both the societal principle and of the principle of legitimacy. This is the message in terms of political principles. Its practical content tells us that it is not certain that a cabinet change could provide a solution in a situation in which the political, but mainly the economic criteria are not clear in the eyes of society.

We must regard both of these paths and strains of logic as liberal, but as momentarily different paths and strains of logic. Both of these views are valid, but it would be inappropriate to continue to present these as a single view.

Let us accept the fact that if there is such a thing as national liberalism (and many believe that national types of liberalism are the only ones that exist), there might be various species of liberalism that come without an adjective.

Smallholders Party Agreement

91CH0550B Budapest MAGYAR HIRLAP
in Hungarian 5 Apr 91 p 3

[Article by Sz.Zs.: "The Independent Smallholders Party, FKgP, Says Yes to the Moncloa Concept"]

[Text] The Independent Smallholders Party also regards six-party negotiations as important, insofar as these could accelerate the workings of the parliament. On the other hand, they do not want to see a situation in which such negotiations interfere with negotiations between parties, with the functioning of constitutional legal institutions or with the workings of the National Assembly and the cabinet. This was the topic of a press conference held yesterday at the FKgP [Independent Smallholders Party] headquarters. Executive Secretary Sandor Olah stressed that in the FKgP's view legislative issues that are almost ripe for decision should not be made the subjects of six-party negotiations. Olah praised the political move made by FIDESZ [Association of Democratic Youth], because this was not the first instance when FIDESZ recognized the appropriate moment and attracted attention throughout the country. The executive secretary also added that other parties have made similar initiatives. The Smallholders share the concerns of the SZDSZ [Association of Free Democrats] regarding the inability of the six parties to work decently and about the possibility that statements will remain at the level of generalities without producing agreements. The Smallholders do not view the SZDSZ proposal which recommends bilateral negotiations between the ruling parties and the opposition parties as the best solution. The Smallholders do not expect to see substantive results flowing from the six-party negotiations, all they hope for is an acceleration of the transformation. They support negotiations provided that rational, feasible goals are set. The FKgP would like to deal with the issue of constitutionality, the

question of when the country will be able to step out of the framework of the Stalinist constitution. The Smallholders' initiative calls for a satisfactory conclusion of the past four decades. They do not want to see a Justitia Plan, but instead a recognition by society of the causes of past events. This can be accomplished only as long as the star witnesses are alive. The III/III matters should be placed on the table, according to Olah. They do not want to hear a reading of the roster, all they want is that persons not inculpable from a political or moral standpoint remove themselves from public life.

Olah said that on Monday he will announce to the president of the parliament his resignation as chairman of the committee which deals with parliamentary immunity issues. He justified this move by the fact that Jozsef Torgyan accused him of fraud and that as long as this matter was not clarified he had no moral basis for holding on to this post. Olah added that documents pertaining to Torgyan's relationships have been available for a long time. These documents show what kinds of things happen under the cloak of politics. Olah will publicize this evidence only if doing so is in the party's interest.

In conclusion journalists were told that the Christian Democratic People's Party candidate in the 7th District has removed himself from the race in which the FKgP supported MDF [Hungarian Democratic Forum] candidate Gyula Grosics who also ran on the FKgP ticket. On the other hand, in Oroszlany the KDNP [Christian Democratic People's Party] supports the FKgP candidate, but there is no agreement yet, although an agreement is expected, as to whether the MDF will join this election coalition.

Interest Groups Excluded

91CH0550C Budapest MAGYAR HIRLAP
in Hungarian 10 Apr 91 p 4

[Article by Janos Beresi: "There Can Be No Moncloa Without Substantive Interest Representation"]

[Text] The Moncloa recommendation, which was supported by the FIDESZ [Association of Democratic Youth], has thus far been received with mixed feelings by the various parties. Several initiators of the proposal were told that trade unions took part in the original Spanish agreement, while the concept promoted by the Young Democrats virtually excluded Hungarian interest groups. Thus, the negotiations could produce only another party pact. How does the Democratic League of Independent Trade Unions view this situation? Csaba Ory reported the League's position,...

"I believe that the present comparison amounts to no more than a forced search for a parallel. From our viewpoint, this plan represents the establishment of a situation that is more independent from momentarily prevailing conditions of power in the parliament, and this would provide a greater opportunity to realize the economic system change.

"Ever since its establishment, the League has been prepared to reach a consensus, it has been in favor of an agreement. Suffice it to recall that we were the ones who introduced to the participants of the Opposition Roundtable the Spanish politicians who took part in reaching the Moncloa agreement so as to provide these participants with an as complete as possible picture of the circumstances and the essence of that agreement. The program that we developed last year also urged a certain kind of societal-economic agreement, even though in the framework of that program our goal was to promote an agreement between employers and employees....

"On the other hand, the fact is that the FIDESZ plan does not include trade unions. This is justified by the fact that in these days it is impossible to tell who stands for what.

"The present situation of trade unions is indeed chaotic if not tragic. This agreement, if there is one, will take its final shape in the course of its own realization, and all this depends on the intentions of the participants. By now the incredible burden which weighs down on our new democracy has become apparent, ranging from the legislature to the ability to accept the burden.... All of this can be accomplished only by achieving the broadest possible consensus, and we agree with FIDESZ in this respect. However, there is one thing, which from our standpoint casts doubt on the proposal: The legitimacy, or more accurately, the validity of the agreement would be in doubt if it were to remain the exclusive business of the six parties seated in the parliament. This is because the mere participation of the parties constitutes no broader support than the support provided by political or parliamentary forces. We feel that at a certain stage of negotiations the interest groups should be drawn in both the employers and employees. This is indispensable because participation by interest groups would provide a certain guaranty insofar as accountability in the framework of the agreement was concerned. As of today one cannot tell which trade unions should be the future negotiating partners, the unions which would be able to deliver on their promises. This will be a lengthy process, and it would be naive to believe that an agreement could be reached overnight regarding the distribution of the burden. Therefore, we must reach a point where the agreement can be controlled!

"Trade union life is rather cumbersome nowadays, a certain counterdevelopment can be seen in society as a result. As of recent date, the public administrative, enterprise bureaucratic and trade union forces which dominated the economic and social spheres before have once again come to life, and they have an easy job in luring mostly amateur politicians into the bureaucratic maze! The series of blatant illegalities that take place in the name of privatization is no coincidence. This, too, justifies the idea that the agreement not be an internal affair of the parties, because political organizations cannot make headway without the substantive representation of interests! For this reason, the executive committee of the League and the National Federation of

Workers Councils forwarded a proclamation to the president of the National Assembly and to the leaders of parties seated in the parliament. The signatories to this proclamation support a broad societal agreement which advances the realization of the system change."

Economic Committee's Role

91CH0550D Budapest BESZELO in Hungarian
13 Apr 91 p 10

[Interview with Dr. Lajos Kosa, Association of Democratic Youth, FIDESZ, National Assembly representative, by -up; place and date not given: "Under the Sign of Minimum Confidence"—first paragraph is BESZELO introduction]

[Text] According to the FIDESZ [Association of Democratic Youth] proposal for six-party negotiations, a political and an economic committee would take part in the meetings. We questioned Dr. Lajos Kosa, the FIDESZ National Assembly representative, concerning the work that is slated to be performed by the economic committee.

[-up] Who would be the persons to represent FIDESZ in the economic committee?

[Kosa] This matter has not been decided. Probably certain members of our economic expert group would take part in the negotiations, but we have not yet selected specific persons.

[-up] Don't you think that the public will recognize these negotiations as a certain agreement by the elite just because various interest groups and trade unions will not participate?

[Kosa] I do not believe that these negotiations could be regarded as the elite reaching an agreement. The parties seated in parliament were measured in the course of the elections and they were authorized by the people to take part in legislative work. It is unlikely that their legitimacy could be questioned. On the other hand, with respect to interest groups the problem is precisely the reverse: the situation is not clear, one cannot tell what legitimacy they have. Incidentally, the six-party negotiations would in part clarify the basic political principles of legal provisions applicable to trade unions. After all, the trade unions have been unable to reach an agreement for quite some time as to the manner in which they could clarify their problems of legitimacy.

[-up] The fact that the trade unions are not slated to take part in the negotiations raises yet another problem. Let's assume that the six parties will reach an agreement, and let's assume that in the future the trade unions will also be able to resolve their concerns and problems. What will happen at that point? Should the agreement be reconciled once again with the trade unions? Wouldn't there be a threat that the new agreement could distort or change the original agreement?

[Kosa] It is not certain that the agreement would have to be reconciled with them. After all, the parties seated in the parliament have reached an agreement regarding fundamental issues, and even aside from the agreement it is the government's job to reconcile matters with interest groups. This in itself does not endanger the agreement. They would do so only if the government were to reach an agreement with trade unions that contradicted the original agreement. But this kind of danger always exists. Take for example the agreement reached during the taxi blockade. The government has in part deviated from that agreement. It is apparent that the ruling coalition has no obligation to cast its votes in a manner so as to comply with the spirit of a previous agreement.

[-up] Don't you think that an economic agreement would amount to signing a blank check, because apparently the negotiations would touch upon only the basic principles. Thus, the threat exists that once the government has its facts and figures (particularly the wage and price regulations and the budget) it would change these agreements on principles according to its own taste.

[Kosa] This threat undoubtedly exists, but I feel that the danger could be minimized. Agreements must be reached with respect to issues which truly serve the purpose of establishing those institutions and basic foundations of the parliamentary democracy, which should not be exchanged every four years. Unless these institutions become permanent, the parties assuming power after each quadrennial election would mold these institutions according to their own image, rather than leaving the institutional system and the decisionmaking mechanism untouched while the leadership of the country changed. This would lead to an institutional crisis in Hungary which would render unlikely the long-term functioning of democracy.

Quite naturally, the threat exists that certain points of the agreement may be interpreted as blank checks, but these points could be renegotiated. I believe that the issues to be negotiated will be primarily of a fundamental character, and that it will be difficult for future governments to deviate from the provisions of the agreement in regard to these issues.

[-up] Are there any concepts concerning guaranties that could be built into the agreement in the course of negotiations so that the ruling parties find it impossible to deviate from the agreement?

[Kosa] This is a very difficult question, because there are no institutional guarantees relative to this matter, and it is not easy to make preliminary statements in this regard. But I feel that one of the characteristics of a functioning democracy would be that those involved in democratic processes have confidence in each other. A certain minimum level of confidence must exist, parliament could not function short of that, and there would be no political agreements either. I do not know, for instance

what conditions of guarantee existed to render the MDF-SZDSZ [Hungarian Democratic Forum-Association of Free Democrats] pact functional, but apparently the agreement between these two organization was largely observed even in the absence of specific legal guarantees.

[-up] Discussion of the basic principles of privatization will be part of the economic package according to the proposal. Don't you think that it is difficult to negotiate this issue without dealing with the problems of indemnification and reprivatization?

[Kosa] This is difficult in principle, but I could say in response that this ship has already sailed. We would have favored the inclusion of the indemnification issue, if for no other reason than because of the chaos that resulted from the fact that there was no six-party consensus in this regard. It now appears that we will have an indemnification law prior to the negotiations. Even more interesting is the fact that although the MDF supported six-party negotiations in principle, it quickly submitted to the parliament a legislative proposal concerning the settlement of church property. In our view, this too should have been made part of this kind of negotiation.

[-up] Do you envision any chance for the ruling coalition to produce a comprehensive, coherent economic policy just at the time of the negotiations? It has remained indebted with such a policy for a year.

[Kosa] I believe that they will be able to produce some basic concepts, particularly as a result of the Kupa program. But I must admit that as far as these negotiations are concerned, economic issues are still shrouded by the greatest possible uncertainty. In discussing these issues, basic institutions will not be tied to specific economic policy actions. They will be tied to the issue of economic constitutionality, to the role of the court that deals with competition issues, to the banking law, to the constitutional status of the Hungarian National Bank, and I could go on and on. I believe that an agreement can be reached regarding these issues. On the other hand, choices between various forms of wage regulation, or the manner in which inflation should be handled require decisions fully under the authority of the cabinet. Most likely, these issues will be made part of the negotiations in some different form.

[-up] Thank you for the conversation.

Problems, Complications

91CH0550E Budapest HETI VILAGGAZDASAG
in Hungarian 13 Apr 91 pp 81-82

[Article by Endre Babus: "The Chances of the 'Hungarian Moncloa'; Devil's Lock"]

[Text] A temporary armistice between the parties has been proposed by several persons, even before the FIDESZ [Association of Democratic Youth] proposal emerged. Immediately prior to last year's taxi blockade the prime minister himself brought up the idea of a two

year domestic policy "peace treaty." Peter Tolgyessy recommended the convening of a national economic roundtable. The prospects of consummating a "Hungarian Moncloa pact" which would in part combine these two initiatives seem highly uncertain for the time being.

It is against the parliament, it smells like a pact and it seeks popularity. Despite these not quite flattering qualifications not a single party seated in parliament has categorically rejected the FIDESZ proposal for the development of a Hungarian Moncloa pact. From among politicians who showed their true colors, Miklos Tamas Gaspar was the only one to firmly reject the idea of an agreement.

The FIDESZ proposal aims for the consummation of a peculiar historical compromise. It appears that on the one hand, Victor Orban's group would like to build up some backing for the measures to be implemented by the government's crisis manager, Finance Minister Kupa, which promises to be tormenting. However, in return they would expect the ruling coalition to harness its determination to develop a Christian nation-state and to establish institutions suitable for the autocratic exercise of power. On the other hand, the Young Democrats do not intend to take part in an all-out attack on the cabinet, an attack whose outlines may already be seen in Miklos Tamas Gaspar's proposal for the call of new parliamentary elections by spring 1992 at the latest. In contrast, the young liberals, viewed by many as Machiavellian sons of devils, intend to at least respect for the time being the fact that in principle, the present coalition received a four year mandate from society. Indications are that FIDESZ intends to prevent the provocative arrogance of certain cabinet members, the suspect about-face actions of those in power, and the grave governmental mistakes which caused serious harm to the country's interests by reaching a new pact, while not casting doubt upon the legitimacy of parliamentary majority's power. Undeniably, this balancing act may be viewed as an Antall-Orban pact, as does the philosopher representative of the free democrats.

But an attempt to advance the parliamentary elections may also be accompanied by large risks. The possible initiation of renewed campaign struggles would prompt the present leadership to postpone the barely started unpopular economic measures and to artificially keep alive economic branches which have agonized for a long time. Without mystifying the significance of solidifying the still pliable constitutional order, prompting the cabinet to fail could start a continuous cabinet crisis of a kind from which opposition leaders at the national roundtable carefully guarded the country two years ago. On top, irrespective of the truth content of the historical analogy, the free democrats must consider the fact that just as they are irritated by the symbols of the Horthy era, by the gentlemen's political style and by overlapping state and church ceremonies, their rivals in the government fear all opposition endeavors which remind the ruling coalition of the 1945-46 radical political offensive, irrespective of whether such opposition efforts manifest

themselves in demands for new National Assembly elections, or in "knocking out" individual ministers.

Significant forces within the SZDSZ [Association of Free Democrats] regard the strengthening of constitutional institutions as necessary. This view is held most firmly by former faction leader Tolgyessy (HETI VILAGGAZDASAG [HVG] 3 Dec 90). One may presume that the tense strategic debate within the party is also reflected in a statement by Pal Juhasz, another pragmatic Free Democrat, who spoke of a law abiding and an anarchist trend and political style within the Alliance. "Thank God, from my viewpoint, the law abiding group is ahead, the one that thinks in terms of building the system and not of being opposed to those in power," said the representative (HVG 2 Mar 91).

True, by now this statement is somewhat contradicted by the manifestations of the past weeks. As of more recent date the SZDSZ leadership used as its starting point the claim that the days of the present government were counted. The strategy of the party's radical wing which may be derived from this concept has obviously been crossed by the FIDESZ proposal. This was rather clearly reflected in the response phrased in the form of questions dispatched by the Orban group at press time.

An apparent fear on part of both the SZDSZ and the MSZP [Hungarian Socialist Party] may be seen, because while the ruling coalition would be more than happy to share with them the responsibility for unpopular actions, the cabinet took advantage of its parliamentary majority and continued implementing its right of center program, the ideological cultivation of society and the restoration of the prevailing intellectual trend of the peaceful years before the war. The cabinet is doing so consistently, but not in a spectacular and campaign like manner.

Apparently for this reason several opposition politicians have suggested that if a comprehensive political and economic pact was to be consummated, the opposition should receive guaranties under public law which ensured the evolution of a Hungarian state that is neutral from the standpoint of ideology. This line of thought has been represented most firmly by SZDSZ Chairman Janos Kis. He emerged with the idea of forming a national unity government presumably with the participation of all parties seated in the parliament. This represents a shift in the thinking of Free Democrats and as compared to the grand coalition formula. At the same time, it is becoming apparent from the prime minister's statement that he envisions the essence of negotiations only in terms of accelerated legislation. There should hardly be any illusions insofar as the proposal for a unity government is concerned ever since the prime minister announced last December that he would not be able to guarantee the physical safety of ministers in a cabinet composed of MDF [Hungarian Democratic Forum] and the SZDSZ politicians.

The situation is further complicated by the fact that, according to the FIDESZ viewpoint, employee interest

would not at all be represented in planned negotiations about a political and economic pact. The exclusion of interest groups with many members could result in situations in which possible strikes and demonstrations would be lead by trade unions and workers councils which were left out of the bargaining.

Party Leader Denies FIDESZ in Coalition

91CH0554B Budapest NEPSZABADSAG in Hungarian
18 Apr 91 p 7

[Report by A. T.: "The Association of Democratic Youth, FIDESZ, Denied; They Will Not Be Part of the Coalition"—first paragraph is NEPSZABADSAG introduction]

[Text] According to the article that appeared in NEPSZAVA's Wednesday issue, FIDESZ' [Association of Democratic Youth] joining the coalition cannot be excluded. The politician making the statement to NEPSZABADSAG, who did not wish to identify himself but claimed to be "very close to the government," said that 18 of the 27 FIDESZ representatives are already supporting a Hungarian Democratic Forum-FIDESZ dialogue in preparation of a coalition. On the other hand, four FIDESZ representatives, who, according to the article, are closely tied to the SZDSZ [Association of Free Democrats] hard line, are opposing the talks.

We asked parliamentary FIDESZ representative Tamas Deutsch what he thought of the article.

He said that "the writing that appeared in NEPSZABADSAG is frightfully reminiscent of Sandor Olah's recent announcement that many FIDESZ representatives support the FKgP [Independent Smallholders' Party] concepts of compensation. Just as that statement has no basis, so it is also with the present 'news.' The FIDESZ has already stated several times that it does not want to be part of the coalition. One reason being that we could not assert our own concepts as a coalition party. For us, such a step would be totally senseless.

"Going back to the article, both the MDF [Hungarian Democratic Forum] and the SZDSZ may have an interest in letting such news loose. Their objective can only be to destroy FIDESZ' positive public image which is corroborated by public surveys. The figures that reflect the division among our representatives are false. They could only serve the purpose of poisoning our party's internal atmosphere. I would like to take the opportunity to ask the NEPSZAVA's 'well-informed informer' to publish the names of those FIDESZ representatives who support such ideas."

SZDSZ Faction Leader Peto Interviewed

91CH0529A Budapest HETI MAGYARORSZAG
in Hungarian 29 Mar 91 p 6

[Interview with Ivan Peto, Association of Free Democrats, SZDSZ, faction leader, by Tamas Koos; place and

date not given: "There Is No Shadow Cabinet; Ivan Peto on a Few Issues of Domestic Policy"—first paragraph is HETI MAGYARORSZAG introduction]

[Text] The opposition plays a key role in our democratic parliament. Within the limits of the House rules, they can influence both legislation and the government's work through their comments. Their proposals and statements can be expected to elicit great interest, especially when most leaders of local governments come from the ranks of the opposition. Being aware of this, I asked Ivan Peto, SZDSZ [Association of Free Democrats] faction leader, about a few issues of our daily politics.

Compensation

[Koos] Let us begin with the most pressing issue: You do not participate in the compensation debate.

[Peto] It was I who presented a decision proposal just before the closing of the parliament's general debate. But then we realized that the way the debate on compensation was conducted was not the way to legislate and do parliamentary work. The world has not ever seen a government coalition in which the government's own state secretaries present fundamental modification proposals for its bill proposal. When the government coalition parties initiate several contradictory modification proposals, then there is nothing to debate. In addition, many things are still unclear. It is unclear how the part of compensation that relates to privatization is connected to the government's concepts of privatization. It is unclear what the government's plans are regarding future compensation cases after setting the deadlines. Who else will be eligible? It is unclear as to what are the government's ideas on compensation for nonproperty losses. We cannot negotiate without a clarification of these basic principles.

[Koos] For me, this is like the ostrich sticking its head in the sand. You are still members of the parliament. This way or that way, you are part of the decisionmaking. Would it not have been better to actively participate in the debate from beginning to end?

[Peto] I do not believe so. This was, until now, nothing more than a cluster of free ideas, to which it was impossible to get connected. One can debate the government's plans to privatize. If the government wanted to resolve pre-1949 property losses, this way or that way, by this date or that date, then we could argue. But the way it was, the debate had no subject. What we had expected was that, on the one hand, the law would create the conditions necessary for speeding up privatization and that, on the other hand, it would elicit public agreement on the compensation issue, putting an end to further claims. This is why we cannot assume, through our participation, responsibility for the present compensation bill.

[Koos] But it has been said now that, through reviewing many kinds of proposals, the coalition parties arrived at a common denominator. Would your proposal be better

than the coalition's present joint standpoint? Giving everyone a certain sum of money as compensation can hardly be the right solution.

[Peto] What we proposed was not simply to give everyone a certain sum of money. We accept the fact that compensation is needed. We said that it would be discriminating to give compensation to only those who can document their losses. Most people suffered losses through regulations that forced them to get rid of their property. The best example of this is what the FKgP [Independent Smallholders' Party] likes to forget: the "replotting." When the cooperative ordered the peasant to contribute his good-quality land to make the lands of the cooperative contiguous, he was given in exchange a scrubby piece of land that was not arable and thus, was often left uncultivated by its new owner. It cannot be proven that his land was taken away. It is documented that he was compensated by a piece of land of the same size. This is only one of the many examples. Who knows the number of people who were forced to contribute their sewing machine, their shoe repair shop, or possibly other kinds of property to a cooperative? They will never be able to prove the coercion of the authorities. But there is another problem with the bill! Indeed, many losses were suffered after 1949, but what about the losses before that? The German nationalities alone consisted of hundreds of thousands of people, and what this means is incalculable. In addition, other pre-1949 measures also need compensation. Compensation was also promised to the victims of the Jewish law.

[Koos] It was said on the part of the government that the turn for these compensations will also come in due time.

[Peto] This is true, but the law has two purposes: One of them is to create public peace regarding this issue and to exclude the possibility of continued claims; the other is that privatization cannot really begin until the cases of compensation are closed, because the ownership of certain property is unclear, and while the ownership is unclear, entrepreneurs find it harder to join privatization. This is one reason why we do not participate in the debate!

Program

[Koos] The economic reform is a significant task. It seems that you agree with and support the Kupa program. Is this true and, if yes, why?

[Peto] Let us clearly separate what we agree with and what we do not agree with! The government approved Mihaly Kupa's program which is much closer to the earlier and present SZDSZ standpoint than any other previous program. We are happy about this, but what is important is not the programs themselves but what support their implementation enjoys.

[Koos] It is well known that the coalition rallied as a body behind this program which has been given a green light.

[Peto] It is no use making a program that is acceptable in principle if it is not adequately supported by the parliament. We fear that this issue, too, will elicit great coalitionist debates. This is indicated by the fact that the program has already been changed considerably in comparison with the previous concepts, and it seems that there are disagreements even within the government concerning many issues. I am thinking here, for example, of Bela Kadar's concepts that differ from those of Kupa. When we will officially receive the program, it is certain that we will debate it despite the fact that we agree with several of its aspects. It is known that we are also working on a crisis management program.

[Koos] If the SZDSZ is also working on a crisis management program, then why did it wait until now, for so long, to come on the scene? One would expect that the opposition had already prepared another proposition a long time ago.

[Peto] Nowhere in the world do opposition parties prepare a program that necessitates government power or the apparatus of state administration. We can only formulate our standpoints and ideas. We decided to prepare a detailed opposition program of crisis management that differs from the usual parliamentary system when we saw that the coalition cannot come to terms on this issue. It seems that the public demands this. Indeed, even the prime minister himself accused us that the opposition has no program. This is why it was only recently that we began to tackle this problem.

[Koos] Would it not be better, precisely to attain the goal, to support the Kupa program, perhaps with modifications? Just to help something promising instead of putting another program on the table?

[Peto] We do not have government power. The government is built on parliamentary majority. What you are saying would be the reinstatement of the one-party system. Society should rally behind the leading government party and leave implementation to the leadership! This directly contradicts the logic of the multiparty system! Not to mention that not even the government coalition is unanimous in its support of the Kupa program, because we hear in the parliament day after day about how much the views of the coalition parties differ in certain issues from the government's standpoint. For this reason, regardless of the things mentioned earlier, there is simply nothing behind which we could rally. Since we are outside the government coalition, we cannot support the program from within.

[Koos] After all this, the question is unavoidable: Is it true that the SZDSZ has a shadow cabinet?

[Peto] The mention of a shadow cabinet makes no sense. A shadow cabinet is justified only when two, basically interchanging, parties determine policies. When it can be assumed that the next government will also be a coalition government. Such a thing makes no sense. Under such circumstances, the party that musters a shadow cabinet by itself in order to make people resign and to join a

coalition, ends up in a ridiculous position. The fact that no shadow cabinet exists does not contradict the view that this government will not be able to survive in this way until 1994. It was in this connection that we stated, and continue to profess, that the SZDSZ is willing to assume even a governing role if the opportunity arises and if the various conditions make it possible. But it must be clear to us at the same time that Hungary's citizens do not wish to have any more elections at this time. It would be ridiculous to assume that everything can be solved with another election. Those who say that we are urging for elections misunderstand the SZDSZ's ideas. We think that elections can take place only when society gives some kind of indication of a need that says an "undesired" election is still better than the existing situation.

Demagoguery Is Dangerous

[Koos] Now that we have arrived at the strained situations of our domestic political life, let us talk about the Torgyan case without overestimating its significance.

[Peto] At present, the FKgP is an erratic formation, a parliamentary party which has basically only a single issue, that of reprivatization, without any mature standpoint regarding society's other issues. In addition, those who follow the events see that what the FKgP says in the parliament is usually different from what it does.

I think the irresponsible way Jozsef Torgyan is engaged in politics is dangerous. Being able to raise social problems that bring people into a fever fever is not a matter of aptitude. The housing problem, the various transgressions of the past 40 years, the people who are trying to preserve their power, or spontaneous privatization may be used in any meeting to elicit passionate feelings. A politician's behavior is correct and wise not when it arouses people but when it shows how to solve the problems. If we start competing to see who can agitate more loudly, then the country can close its gates. I have not yet heard any proposal by Jozsef Torgyan which would promise a solution to the problem raised by him. The suggestions that we should donate our wedding rings and that we should take up a collection at the site of the National Theater for helping youth solve their housing problems lack seriousness. Of course, I cannot say whether Torgyan believes what he says or just acts as if he believes, but these grand suggestions carry the danger of discrediting the democratic institutions, the government, the parliament, and the parliamentary parties. I am confident that only a small fragment of society will be taken in by such politics. Torgyan is greatly mistaken if he believes that his audience reflects Hungarian society. His mistake is a personal matter, if you will, but when he speaks as a party leader, it is no private matter anymore! Demagoguery is a dangerous and detrimental thing, and its consequences may be very grave. I do not know whether Jozsef Torgyan reckons with the fact that if the passionate feelings he elicits "kick in," as people say, then he may become one of the first ones to be the target of atrocities in his Rozsadomb home. It was not during

the past year and a half, since the change of regime, that he moved from Ujpest to Rozsadomb; like others, he, too, became affluent, no doubt in a decent way, under the past regime. There is a view, and not an unpopular at that, that anyone who became more affluent than average during the so-called Kadar regime is a corrupt person. Those who operate through means like those of Torgyan must know what passionate feelings they fuel and where politics based on passions will lead.

Debates, Opinions

[Koos] All parties have various internal views and political leanings. It would not be good if everyone moved by following the same command. One can hear about so-called internal crises and concerns in every party. The SZDSZ is no exception. There was the Tolgyesi [as published] case, the Tamas Gaspar case, not to mention others!

[Peto] There is unity in the SZDSZ, in the political sense of the word. This does not mean that everyone's point of view is identical on every issue. It is not a secret that there are divergent opinions, but these do not concern fundamental issues, at least not at the moment, but rather are debates on the techniques of politics. Thus, when we argue, then the issue is not the government's evaluation but rather how we should represent a political view or how we should present ourselves to be an active opposition party. These are tactical problems that could not be solved up to now through relatively peaceful debates.

[Koos] Nevertheless, in the course of time we did hear of the Tolgyessi problem or the Tamas Gaspar problem.

[Peto] I think it is a distortion that you to put Miklos Tamas Gaspar and Peter Tolgyessi in the same hat! Miklos Tamas Gaspar tried to assign a larger role to his publicist activities and to that end he resigned from his post at his own initiative. Holding an office, be that in the SZDSZ or in the parliament, would mean an extra limitation to him, for whatever he wrote would appear as the view of the party leader. If Miklos Tamas Gaspar writes something only as a representative, this concern does not even come up. The situation is quite different in Peter Tolgyessi's case; there a conflict does indeed exist. But it is related not to politics content wise but to certain methods of political style and techniques. We did not make a secret out of the existence of personal rivalry as well, but that is different from a political debate. Peter Tolgyessi would like to be faction leader, he himself has said this, but he was not elected at this time. For the time being, the faction has made a firm decision. The differences of opinions and arguments related to this affair are different from arguing about our disagreement on this or that fundamental political issue. Everyone, even in the parliament, could hear that in the midst of our internal arguments, Peter Tolgyessi's opinion basically coincided with the SZDSZ faction's point of view.

POLAND

Minister Cited on Projected Industry Policy

*PM2105085191 Katowice TRYBUNA SLASKA
in Polish 6 May 91 p 3*

[Interview with Prof. Andrzej Zawislak, minister of industry and Liberal Democratic Congress Presidium member, by correspondent Alicja Ogieglo; place and date not given]

[Text] [Ogieglo] Minister, the government has announced that it would pursue a deliberate policy with regard to industry. You are a liberal, and such a declaration of intent should be alien to your beliefs.

[Zawislak] It is true that liberals value individual liberties and economic freedom above all else. But we do not treat these principles as a dogma. History has demonstrated that society achieves the best economic results when civil liberties and economic freedom are put in practice—also in the individual dimension—in the broadest possible application. This, most briefly, is our liberal program which we want to offer to society. However, this program must be translated into concrete terms, since apart from the ideological maxim there is the very difficult reality to deal with. Society inherited an economy in a specific condition which was the result of collectivist management, but our own attitudes have also been distorted by the effects of the state's quasiprotective approach which, in reality, made citizens dependent on the state instead of protected by it. It is up to us, the liberals, to break through and transcend the constraints of such a philosophy. But this kind of leap cannot be made all in one go. This is why the government should have an economic policy.

[Ogieglo] So why do we still have no such plan? After all, the change of government was done to the accompaniment of the acceleration slogan—which applied to this sphere, too.

[Zawislak] At the time the sector which I head was beginning to tackle the job of defining the principles of our policy with regard to industry, we came up against a great many obstacles. To give just one example, it was very difficult to determine which enterprises were profit-making. We concede that the state must in the first place intervene in the areas of the economy which are threatened, or at any time when an accumulation of potentially uncontrollable processes could have consequences affecting the well-being of society. We cannot allow situations which could lead to pauperization or mass unemployment.

[Ogieglo] But are we not already on the brink of disaster? After all, slogans to that effect were already evident on many placards on the occasion of the 1 May parades.

[Zawislak] It is by no means as bad as that yet. So far, there is no mass unemployment in Poland. You can see that for yourselves if you pay a visit to any of the job

centers. It is not yet an impoverished country. We have no real destitution. We use these slogans readily because they have a good political resonance.

[Ogieglo] But real unemployment of a truly serious dimension could appear here before very long, could it not?

[Zawislak] For the time being the problem is more that of finding the people to do the jobs, but, of course, a whole series of large enterprises going bankrupt could create unemployment on a large scale.

[Ogieglo] Here in Silesia we are very much aware of this. The time bomb is ticking away.

[Zawislak] Well, let me tell you why things are going so sluggishly, so to speak. First, in order to make decisions whose consequences involve trillions of zlotys and will determine the future of whole generations, you have to base them on fully reliable information. But, for the time being at least, the information we obtain from the market is virtually misleading. For example, we give large subsidies to the mining industry; at the same time, another industrial sector, which uses a lot of coal, is very highly profit-making. So are we to invest in developing that particular sector? If we cease to subsidize the coal, the former will no longer remain profitable—if it does not go bankrupt straight away.

[Ogieglo] Well, let us stop subsidies to the coal-mining industry anyway.

[Zawislak] This will be insufficient, for the whole pricing system based on the old principles generates false information for us at the very start. We cannot tell whether what is economically advisable today will continue to be so later. Elsewhere in the world, wherever industrial policies are being developed, their authors at least have one certainty to base their plans on: the tangible reality. They have up-to-date information. They only project when it concerns the future. On the basis of their currently correct information, they can think about the future as they investigate other markets, trends, and so on. We have a double problem there: We do not even know if the information for the present day is correct and, consequently, we cannot apply it in our planning for the future.

[Ogieglo] But the public is not under an obligation to know these considerations—and the public is impatient. A similar impatience is shared also by opposition politicians and economists.

[Zawislak] You can adopt, for your own and the public's benefit, a certain economic strategy and announce that it is a truly sensational plan, and then a year or so later witness its spectacular demise. We, on the other hand, treat the problem without undue emotions. We carry our research in all the relevant sectors with the help of foreign experts and our own scientific backup facilities.

[Ogieglo] Our managers complain that Western consultant firms are not familiar with our circumstances and that their expert appraisals are simply not applicable in our situation.

[Zawislak] There is certainly some truth in this. This is not to say that they are incompetent, but it is true that sometimes they do not understand our conditions and circumstances. Having said this, I would still not yet dispense with their services, though I would insist that they make certain adjustments. We cannot apply their recommendations blindly, as they would want us to.

[Ogieglo] So you agree that their reports and recommendations should be revised, do you not?

[Zawislak] Indeed I do, and this, of course, also delays our operations. We must also remember that the conclusions ensuing from their reports could be biased since they may be analyzing our market from the viewpoint of their own interests.

[Ogieglo] The way to insure against it is to put these analyses out to tender.

[Zawislak] We have been doing that, but it only delays relevant procedures and puts off indefinitely the creation of an industrial action program which is eagerly awaited by a whole range of sectors. I am talking about it frankly and openly because these are objective difficulties and dangers. True, we can start certain things rolling straightaway, but on the other hand we must remember that we are carrying out a specific monetary and anti-inflationary policy. Even a perfectly sensible industrial policy could jeopardize, if not disrupt outright, the very backbone of this monetary policy. For example, we decided to go too far in favor of opening up the economy, and this placed our industries in the position of facing an overwhelming domination from their competitors. This was not a fair thing to do. Maybe I should not be talking about it, but this is certainly the case as regards the position of our own agriculture as compared with any EEC-subsidized agriculture.

[Ogieglo] But, at long last, the consumer will have well-stocked shelves and a greater choice of goods to buy.

[Zawislak] But then again, before very long, when Polish agriculture finally collapses, the same consumer will have only EEC butter to buy in the stores, and it will definitely cost him a lot more then. We already have this situation in industry, anyway. Take this example: If I get an offer from a producer to buy certain components at an incredibly cheap price—components which are also manufactured in Poland by a domestic producer—I will, of course, buy them from him. What will happen then? Of course, the Polish subcontractor promptly goes bankrupt. And then? Well, the Western supplier finds himself in the position of monopoly holder and feels free to dictate his prices. These are realities. This is the brutal economic game. However, I firmly believe that we must protect our industry from these situations, since it is completely unprepared to play according to the rules of

this game. And this is why we need a specific policy for the industry—a policy whose blueprint should very shortly assume a definitive shape.

[Ogieglo] In that case perhaps you could tell us something about its fundamental principles, since neither the public nor the experts know anything of the work which goes on in your ministry's offices.

[Zawislak] The basic objective of our industry policy will be to place enterprises on the right track of worldwide industrial competition. Preferential treatment will be extended to enterprises which will develop a chance of entering the network of the worldwide market of industrial companies. The higher the chance for the given enterprise, the more extensive that preferential treatment will be. We are not even very original with this solution here. It has been widely demonstrated in the world already that it is always foreign success which is the source of success on the domestic scene. The other principle of our policy for the industry will be domestic competition achieved through demonopolization.

[Ogieglo] When will the more precise details of your industry policy be released?

[Zawislak] I have already discussed certain questions within the policy at a meeting of the relevant Sejm commission. A well-defined industry policy requires approval on the part of certain bodies aside from a group of our own ministry experts or a circle of "colleagues" surrounding the minister. It needs not only to be logical and coherent but also to enjoy wide public comprehension and approval. Moreover, it will require the services of competent specialists to convince society of its advantages. Still, we are already in the final stages of identifying all the tasks ahead of us, though I would be less than honest if I were to say that we are absolutely certain about them. By June the basic tenets of our industry policy will have been formulated definitively, and the public will be able to analyze and form an opinion about them. I will then be pleased to give another interview to TRYBUNA SLASKA on the subject.

[Ogieglo] Thank you for talking to us and for extending this invitation.

Bielecki to Ethnic Germans: 'Support Reforms'

91EP0450A Munich SUEDEDEUTSCHE ZEITUNG
in German 25 Apr 91 p 2

[Article by Thomas Urban: "Bielecki: 'The Time of Repression Is Past'; Head of Government Calls for Support of Reform Program in Silesia"]

[Text] Opole—Polish Prime Minister Jan Krzysztof Bielecki met on Wednesday with representatives of the country's German minority in Gogolin near Opole (Upper Silesia). This was the first meeting of a Polish head of government with the Germans who remained in their homeland after World War II. The German Friendship Circles (DFK), according to their own information,

have over 150,000 members in Opole Voivodship which has a population of 1 million.

Bielecki appealed to his audience to support his government in its reform program. He gave the assurance that the times in which the "ethnic German citizens of Poland" were oppressed will not return. The prime minister made clear that his government does not want to be held liable for this chapter of the past. As he put it, an "argumentation that constantly looks at the past" leads "to the partners" in the conversation closing their minds "to one another." Bielecki asked his partners in the talks "to come out of the trenches." It is not possible to make progress without trust and reconciliation. The Germans in Poland are "Polish citizens of German descent," similar to the Poles living in the United States, who are Americans of Polish descent.

For the Central Council of the Germans, Heinrich Kroll, a member of the managing board, handed over a list of demands to the prime minister. Among other things, the Central Council criticized the shortage of about 100 teachers of German in the voivodeship. During the time when the [Communist] Party was in power, the teaching of German in schools was not permitted at all in the Opole region, the most important settlement area of the German minority. It was not until last year that the curricula were appropriately changed and the college in Opole in the meantime has established a department for German Studies.

In contrast to earlier events of the Friendship Circles, the demands for autonomy status for the government and for dual citizenship were not brought up. The chairman of the Gross-Strehlitz German Friendship Circle, the mathematician, Gerhard Bartodziej, stated: "The minority does not want to destabilize the state." A state weakened by it would also constitute a danger for the minority, he said. In general representatives of the German minority regarded Bielecki's visit as recognition of their existence by the highest organs of the Polish state.

In conversations at the time of the meeting several members of the Central Council emphasized that the "friendship meeting" planned for Pentecost in Annaberg is to have international character. The mayor of Annaberg, Hubert Kurzal, is said to have stated that it is to be a cultural festival, in which artists, especially of the minorities living in Poland, are to perform, but also guests from several neighboring countries. The Polish Ministry of Culture is said to be participating in the financing. Kurzal contradicted press reports according to which functionaries of the League of Expellees (BdV) had been invited as speakers. But anybody is welcome as a private individual.

ROMANIA

Treaty With USSR Rejected; Objections Raised

91BA0684C Bucharest DREPTATEA in Romanian
7 May 91 p 4

[Article by Gheorghe Jurebic: "We Won't Sell Our Country!"]

[Text] We live in a century in which large and small nations have the same right to a free, independent, and dignified life. A century in which force, arbitrariness, invasion, barbarian annexation, and social and national oppression are unequivocally condemned. Such deeds are not a reflexion of humanity, but of the darkest regions of ancestral bestiality.

Like almost all the inhabitants of Romania we feel the humiliation and abasement of the Treaty (pact) with the USSR.

Defeated in World War II, Japan did not sign even a peace treaty with the USSR and will not until it gets back the four tiny islands with a population of a few tens of thousands forcibly seized by the medieval-communist imperialism a few days before the end of the war.

Our feeling of humiliation acquired major proportions when representatives of East European countries which belonged to CEMA and the Warsaw Pact (Poland, Czechoslovakia, and Hungary) firmly stated that they were certainly not going to sign any treaty with the USSR that contained the clauses that Romania has accepted. When you consider that although those states did not lose territories and millions of conationals they still valued freedom, dignity, and the right to decide sovereignly...

The Molotov-Ribbentrop protocol signed on 23 August 1939 between the USSR and Hitlerite Germany was denounced not only by all the European nations, but by the USSR itself. On the basis of that treaty, on 26 June and then on 27-28 June 1940 Romania, completely isolated from the rest of the world, was threatened with invasion by the two totalitarian powers and was obligated to cede Bessarabia and Northern Bukovina within 24 hours.

Despite the absence of a freely entered agreement, the Romanian Government allowed those territories to be occupied by constraint. Moreover, it had the dignity to state in a note written on 28 June 1940 that the territories in question were ceded in the wake of the use of force. In 1948, when the country was occupied by the red army, the traitor communist government installed by the soviets also ceded Snake Island, which had always been Romanian soil.

For over 50 years the Romanian population in those territories was subjected to systematic genocide and suffered a dual oppression that ended in more than 1,300,000 victims exterminated in the vast soviet gulags.

That is an impressive figure in relation to the population left in those bloody areas. Note that in 1944 1,000,000 Bessarabians crossed the Prut river to take refuge in Romania.

The treaty of cooperation, good neighborliness, and friendship between Romania and the USSR sanctions the validity of the Ribbentrop-Molotov protocol concerning Romania and reinforces our 45-year-long dependence on the USSR by perpetrating semifeudal relations of fealty.

The protocol provisions designed to enslave us for another two decades are all too sufficient at first sight.

1) ...will consider themselves friendly states in mutual relations and in their international actions, in any situation.

Since all more or less aggressive initiatives were taken by the USSR, Romania will be dragged into peace or war like a vassal or an annex regardless of its national, social, or economic interests.

2) The inviolability of borders and the territorial integrity of the states was reasserted...

Which is what no Romanian Government dared to admit of its own free will and free of any pressure, namely that the territories criminally wrested by the red imperialists were to stay in the possession of the invading robbers. What ethics and laws in this world ever recognized justice for criminals and thieves? Only murderers and thieves reached "consensus" when splitting the spoils, or patrons of thieves granted favors to their flunkies in villainy. Was this kind of bargain involved?

3) What could be the meaning of "...military cooperation and exchanges, including consultations on matters of mutual interest when necessary," other than a disguised form of the Warsaw pact and fraternal ties with the red army, which was the conscious and murderous tool for seizing our ancestral territories.

4) The old defunct treaty envisaged consultations at a party and state level, which are now called "regular consultations (at the level) between leaders of state and government bodies and parliament members." In fact, same thing, different wording.

5) Further, to make sure that we have no escape out of the web in which we are caught, economic enslavement and dependence are stipulated in unequivocal formulas and generalities on which we will not now dwell.

6) And as a corollary, the final portion serves to implant the traditional and multisecular soviet culture (which lasted for 45 years) to our eternal stultification and adulation of soviet memory and monuments. Textually: "The Romanian Government declares that the soviet military cemeteries (which we would have respected anyway as we do any graves; after all, we are European and Christians, not communists of Asian culture, who

did what they did to our dead and our cemeteries) and the soviet monuments on Romanian territory will be preserved and duly tended." So maybe we should restore the statues of the assassins, too, Lenin, Stalin, and other hated figures, if not even those of comintern bolsheviks like Ana Pauker, Dej, Ceausescu, Nikolsky, Valter Roman, Chisinevsky...

7) What about publishing some secret articles, too, like the SRI's [Romanian Intelligence Service] subordination to and cooperation with the KGB and other wonderful internationalist fraternal examples of cooperation.

Sad but true, at long last the Iliescu-Roman duo has managed to bring us back to the point where the ties were broken at the time of the revolution. The broken threads have been slowly and skillfully tied back.

Only one hope is left, namely that the entire nation will refuse to ratify the signature of those who are once again, with incredible lack of thought, replacing the yoke of slavery on our shoulders.

We call on all those who harbor humanitarian and Romanian feelings to oppose the ratification of this incomparably more perverse and odious pact for us than the Ribbentrop-Molotov pact. It is inconceivable that we should acquiesce in the alienation of land that was always Romanian, land soaked with the blood of hundreds of generations, which was stolen from our ancestral hearth. What sick mind had the idea to give up, with criminal thoughtlessness, one of the oldest Romanian cities, whose population is desperately fighting a dignified and heroic struggle to preserve its national identity, freedom, and basic human rights?

In our century only the totalitarian communist empire of a medieval nature denies this reality and the peoples' elementary right to self-determination.

At this difficult time, each citizen and especially each deputy, regardless of his political views, has the sacred duty to reject the ratification of the treaty (pact) with the USSR in its present form, lest they be cursed by all our children's children as betrayers of nation and country.

We want it to be known that these territories constitute a two million years old Romanian right that cannot be alienated by any agreed upon and ratified treaty, nor by oppression, nor by treason. There is no justification for such acts, because they are indeed worse than genocide, they are qualified as FRATRICIDE.

Today Bessarabia and Bukovina, and tomorrow, who knows??? Like he who has killed once, he who has betrayed once will do it again.

Wake up, Romanians!

Tokes's Contribution to Eger Conference Viewed

91BA0684A Bucharest ADEVARUL in Romanian
7 May 91 p 2

[Article by Silviu Achim: "Helping Mr. Tokes Understand Himself"]

[Text] Some time ago, Bishop Laszlo Tokes once again made the (for him, bitter) observation that he was not properly understood by Romanian society and that he felt isolated and trivialized. If that statement was not a matter of temporary circumstances and if indeed the prelate of Oradea feels that his popularity has dropped and that his channels of communication with the Romanian public have suffered a short circuit, he should by rights ask himself whether such reservations may not stem from the declarations he makes when he is outside the country's boundaries. Those declarations not only feed grist to the mills of the critics that Mr. Tokes has in ample numbers, but also raise questions in the minds of those who are not quick to suspect, but who are concerned about the fate and interests of the country and the nation. Some of the bishop's latest peregrinations abroad are raising doubts in the minds of both the former and the latter.

Thus, this spring in Vienna Mr. Laszlo Tokes attended an international conference devoted to minorities. Upset and dissatisfied about the West's attitude toward Romania, which he views as too lenient, the bishop of Oradea drew a parallel between the foreign awards recently received by the Romanian prime minister and the distinctions that the West bestowed on Ceausescu. Mr. Tokes thereby targeted one of the vulnerabilities of the West European political elite, thus indirectly urging it to show greater circumspection and reserve toward Romania's current leaders.

The bishop also told the participants in the conference that although Romania has at least five million minorities, the Romanian Parliament forced a vote on the constitutional thesis dealing with the "Romanian united national state" (once again, the inverted commas are his). The bishop doesn't mince words: the paragraph in question was to him "purist," ultranationalist, and amazing in its lack of realism and it unequivocally reflected the viewpoint of Ceausescu's former policy of assimilation. Equally "shocking" seemed to him the constitutional thesis that political parties should not be organized along ethnic principles. And finally, he thought that the education law was downright "scandalous." Why? Because, he said, the law in question "unilaterally stipulates that in Romania the teaching language is the Romanian language exclusively."

We do not know what law the bishop has seen because article 9 of the draft law on preuniversity education recently published specifies: "In accordance with the provisions of the Constitution and international human rights regulations, the national minorities have the means to freely use their mother tongue in the preuniversity educational system." Consequently—

attention!—the mother tongue may be used for teaching; moreover, that is in keeping with the provisions of the law of laws and of international acts. The same conclusion also emerges from article 34 of the draft bill.

However, what cannot be viewed as a mere omission is the fact that at the same conference the prelate of Oradea spoke about the education bill as if it were a law already in force, while in reality that is only a preliminary draft. This entire scaffolding of disinformation is built for the purpose of allowing for the conclusion, which must have horrified the participants in the Vienna conference, that although Ceausescu is dead, his spirit is still alive. "In Romania," Mr. Tokes added, "the national minorities live under continual threat." As proof of that he cited the fact that "One year ago, our distinguished writer and political leader Suto Andras was beaten to a pulp and left half blind in plain view of the entire world and without eliciting any consequence." As the reader will easily realize, here the prelate-lecturer made another omission, in addition to a confusion. The person who was beaten to a pulp and savagely hit in plain view of the world was poor Mihaila Cofariu, the villager of Ibanesti, about whom we suspect no one uttered a word in Vienna, although aside from Mr. Tokes, the conference was also attended by Messrs. Ion Ratiu and Geza Szocs.

Recently, another three-day conference on "The Hungarians in the Carpathian Basin at the End of the 20th Century" was held in Ungvar, in Subcarpathian Ukraine. The publication MAGYARORSZAG (Hungary), which in its issue 11 of this year featured a lengthy report on that conference, said that the meeting in question surpassed all the expectations of the organizers—i.e., the Cultural Union of Hungarians in Subcarpathian Ukraine (KMKSz), the Institute of Hungarian Studies of Budapest, the circle Subcarpathian Ukraine, and the magazine REGIO.

It surpassed all expectations not only because it was attended by more than 500 people—including Bishop Laszlo Tokes—but especially because "This conference and the religious services officiated by Bishop Laszlo Tokes inspired the Hungarians of Subcarpathian Ukraine with strength and faith to continue the struggle for their legitimate rights." (The quotation belongs to KMKSz Chairman Sandor Fodor). We must, however, add one detail: During the conference proceedings "The hall was adorned with Hungarian flags and colors (and) the Hungarian anthem was played."

The venue and timing of the conference were not chosen at random. KMKSz just had its second anniversary. The KMKSz intends to support the aspirations of the "native population" of Subcarpathian Ukraine to turn it into an autonomous region, a situation in which it probably thinks it will be easier to fulfill its own claims. Mr. Sandor Fodor literally said: "On the one hand we want territorial autonomy in areas with a dense Hungarian population, like Beregszasz, and, on the other, we want cultural autonomy for all the Hungarians in Subcarpathian Ukraine."

If we understood correctly, KMKSz is pretty optimistic about this, because in a very near future the Hungarian and Ukraine foreign ministers are expected to sign a "Minorities Charter," which Mr. Sandor Fodor views as "an unprecedented accord that may become a precedent." Upon reading all this, isn't a citizen entitled to wonder whether what occurred in Ungvar was not an exchange of experience on the subject of autonomy of all kinds?

More recently, another international conference on "Transylvania's Past and Future" was held in Eger (northern Hungary). Laszlo Tokes was as usual in attendance. In itself the subject matter of the meeting raises question marks. Because while there is room for talking of Transylvania's past (up to 1867), we think that one cannot talk of a distinct future separate from the future of the entire Romanian nation without assuming that there are those who believe in and wish for such a separation. That assumption is also reinforced by one of the ideas included in a resolution adopted at Eger, namely that peace and security will be consolidated in Europe only when the minorities issue will be resolved in Romania in keeping with their right to self-determination. We do not know whether Mr. Laszlo Tokes signed that resolution, we only know that he didn't publicly show any sign of opposing it.

By putting down on paper these thoughts about Mr. Tokes I wanted to point out to him several possible explanations for the attitude he complains he's encountering among the Romanian public. It is up to him to take them into consideration or not.

Editorial note: This article was written on the basis of fragmentary press reports on the above-mentioned international conferences which preceded the Romanian Television's showing of the video cassette of the Eger conference.

The television images showed the bishop of Oradea in a posture contrary to what is normally attributed to the priestly vocation. We have in mind his passionate tone in announcing "the loss of Transylvania," the half-truths told about the incidents in Tirgu Mures, which he termed "pogrom" and "atrocities" and ascribed (naturally!) to the Romanians, his political engagement in promoting the idea of "self-determination" for the Hungarian minority, and many other things he said in Eger.

Consequently, if until now the bishop felt misunderstood by the Romanian society, he can stop worrying. From now on he will be understood....

YUGOSLAVIA

Micunovic on U.S. Visit, Presidency Crisis

91BA0746C Belgrade BORBA in Serbo-Croatian
20 May 91 p 16

[Article by Slobodan Pavlovic: "Democratic Party Chairman Dragoljub Micunovic After Multiweek Visit

to United States and Canada: Serbia Consists of Others, Too"—first paragraph is BORBA introduction]

[Text] The Democratic Party was accepted as a force that will contribute to the completion of the process of democratic transformation in Serbia and Yugoslavia.

Washington—The head of the Democratic Party, Dr. Dragoljub Micunovic (accompanied by Prof. Radet Stojanovic, vice chairman of the Executive Committee and member of the Main Committee, and parliamentary deputy Djordje Zecevic) could not have set out on his multiweek tour of the United States and Canada at a more inauspicious time for Yugoslavia—or, rather, for the federal entity to which it belongs.

Let us recall: While on the road, they were taken unawares by the bloodshed in Borovo Selo, by the Split demonstrations with the attack on the JNA [Yugoslav People's Army], and finally by the latest constitutional crisis, provoked by the blocking of Mesic's election as the head of state. But despite this, the delegation from Serbia's Democratic Party is more than satisfied with the effect of its tour to nearly every important North American center, and especially with the timing of this visit for [permitting them to] get to know each other and enabling them to size each other up.

"It was an extraordinary opportunity, precisely at this moment, for us to see how they view us, as well as for us to present our positions," says Professor Micunovic about the visit, attempting to enumerate all the important meetings with representatives of the executive authorities, parliament [Congress], businessmen, the press, and our own people, before returning to Belgrade from New York this evening.

Talks With Senator Dole

For various (reasonable and absolutely acceptable) reasons, the leader of the Serbian opposition forces mentions in this context the talks held in Washington with Senator Robert Dole, the Republican leader on Capitol Hill and the prime mover behind numerous "anti-Yugoslav initiatives" in the U.S. Senate.

"I cannot guarantee that in those less than two hours we were able to change Mr. Dole's opinion about Yugoslavia and especially about Serbia, but if nothing else we gave him the opportunity to hear a different opinion and a different argument. We told him that no one, of course, can be satisfied with the human rights situation concerning Kosovo and Knin Krajina, but that often the issue here is a mixture of political processes with human rights. He also had the opportunity to hear that we insist on a democratic solution to all problems, on dialogue—but that not one single political party in Serbia today can accept any form of unilateral decisionmaking on the integrity of Serbia or Yugoslavia."

An additional argument in these talks with Senator Dole reportedly involved an indirect warning that his support

for the "Kosovo republic" platform (with possible further consequences in terms of its secession) is actually in conflict with official U.S. policy, which insists on a united Yugoslavia within its existing borders.

Less than a year ago, when Professor Micunovic traveled to Washington, the Democratic Party had 2,000 members. Today, he says, it has more than 60,000 members. They have taken charge of the opposition cause, and recent newspaper polls show that they have also assumed the number one position in political popularity in Serbia. In the U.S. capital, his treatment and the people with whom he was allowed to speak reflected this rating. How did the Democratic Party delegation emerge from these talks?

"After the March demonstrations and other events, it became clear to this side that there is an opposition force in Serbia with democratic potential. Or rather, that all of Serbia should not be abandoned because of its regime. They saw that Serbia consists of 'some others' too and that this republic cannot be identified with one man, with one party, and with one policy. We attempted to explain this to them and to convince even more of them that they will see how well we have succeeded."

In the continuation of our conversation on this subject, our interlocutors told us that the expectations with which they arrived three weeks ago have been surpassed now that they are packing for their return. Both in the White House and in Congress (where lunch was arranged for them by Democratic Majority Leader Gephardt, in addition to meetings with several of the most prominent senators of both parties), as well as at the State Department and at the corresponding, equally important Canadian offices in Ottawa and Toronto.

Encouragement for the Most Part

On his impressions from these talks, Dragoljub Micunovic says: "For the most part, we found encouragement in terms of our plan, which we outlined to them in detail, in fact being the plan for a democratic transformation of Yugoslavia and being very close to the view of the United States and Western Europe. We found a willingness to support such a plan for democratically resolving the Yugoslav crisis and Yugoslav integrity in general. This means that we ourselves deliberate on our future, but that these deliberations be peaceful, so that we do not provoke some conflagration of greater proportions."

The three-week tour of the United States and Canada by the delegation of Serbian Democrats also served to establish important ties between that party on the one hand and businessmen and nongovernmental organizations on the other hand, who are ready for cooperation. As far as business is concerned, the visit to California was reportedly especially useful; there, based on the example of delegation member Djordje Zecevic, a businessman who recently came to Belgrade after spending decades in the United States and England, an argument

was made for possibilities of foreign capital and for economic cooperation with Serbia and Yugoslavia in general.

"We invited them—and they accepted—to come to Belgrade where we will organize for them a meeting with our business people and open up the doors to cooperation, where there is a great deal of interest and many possibilities. However, all of this is hindered in their country right now for very understandable reasons, linked to our unstable political situation," Zecevic tells us. "Still, we will make arrangements for this meeting with representatives of both the private and the social sector."

The representatives of the leading Serbian opposition party are returning to Belgrade obviously satisfied that their visit served to give the United States "a new focus on the structure of the political corpus of Serbia." In other words, the Democratic Party was accepted as a force that will contribute to the continuation and completion of the process of democratic transformation in Serbia and Yugoslavia—so that finally we enjoy an assessment that was expounded by Professor Stojanovic before the return to Belgrade.

An assessment, moreover, that we have heard in recent days from several people in Washington who spoke with the Serbian Democrats.

[Box, p 16]

On the Nonelection of Mesic

The Presidency Is Usurping Power!

The vacuum in the Yugoslav presidential leadership took Dragoljub Micunovic and his colleagues in Washington by surprise. Mesic's nonelection was, of course, an obligatory subject during these talks in Washington last week. Asked how he explained this situation in our country, the chairman of the Democratic Party responds:

"Mesic is resented for having issued statements—which are, unfortunately, true—to the effect that he could be the 'last president' of the country, which he does not regard as a 'serious state.' This fact, it seems to me, could be superseded by Mesic's explanations that these were nonbinding statements and that as president, he takes an oath to constructively and loyally serve and defend Yugoslav interests in his position. And that these other people then do not make such a fuss about his obstruction, because the rule is that the republic whose turn it is in the rotation has the right to designate whomever it wants as its representative, and that it is completely normal that Mesic, if he was vice president, should now become president of the Presidency."

However, that, in the words of our interlocutor, is part of the prevailing political Yugo-culture, according to which "politics is war, without compromise, and every reasonable move towards giving in is equivalent to treason."

"We hope, however, that reason will prevail and that we will overcome this situation, where the state has been left without a supreme authority for several days, which has come about because no one was willing to yield."

In discussing this subject, Professor Micunovic wanted to emphasize one point in particular:

"The Presidency has usurped the power, beyond its legal status, to arbitrate on all matters! To discuss those things that should be discussed primarily by the Yugoslav Assembly. The Presidency is not authorized to discuss Yugoslavia; that is simply usurpation! That can be discussed only by the Yugoslav parliament.... And the representatives of the republics especially cannot discuss the fate of Yugoslavia—as if we are already living in some sort of confederation!"

The Democrats, Micunovic tells us, will support the authority of the Federal Assembly and federal government, because that is "the last straw for averting this irrationality."

Draft Document of United Serbian Opposition

91BA0746B Belgrade BORBA in Serbo-Croatian
20 May 91 p 5

["Text" of draft declaration announcing the creation of the United Serbian Democratic Opposition: "Toward a Peaceful Takeover of Power"]

[Text]

Purpose of Association

The fundamental goal of uniting the Serbian democratic opposition parties is to replace the socialists-disguised communists in power and to establish an authentic democratic order in which full freedom of political and economic activity would prevail, as would full freedom of the press, in order that we may return to the authentic traditions of Serbian democracy personified in the exemplary rule of Peter I.

New Elections

It is possible to effect a peaceful takeover of power only in new, genuine, democratic elections, under conditions of full equality between ruling and opposition parties. The united opposition shall apply all legitimate means to the struggle for the scheduling of new elections, including a boycott of the current session of the National Assembly and extraparlimentary forms of struggle that exclude violence.

Conditions for the Holding of New Elections

In order to ensure even the slightest degree of fair electoral competition, the following conditions must be met as a preliminary step:

1. The election campaign must last at least six months, and for the duration all information media and all

financial resources from state and parastate sources must be equally accessible to all parties, with a corresponding institutional guarantee that this condition will be met.

2. It is indispensable that a so-called provisional government be formed, consisting exclusively of competent figures of a convinced nonpartisan orientation, which will conduct state business until the election of a new democratic assembly and whose members cannot run for office in the upcoming elections.

3. All information media founded by the state and by parastate institutions must be organized exclusively on professional foundations, which presupposes that the editors, the editorial boards, and the directors are elected by secret ballot without any outside interference.

4. The political police must be disbanded immediately, all political files must be destroyed, and police agencies must be depoliticized.

Electoral System

The united opposition will support the replacement of the existing majority system with a proportional electoral system.

National Policy and Democracy

The united opposition will fight all attempts to separate the Serbian national interest from a commitment to political democracy, because that interest, both inside and outside Serbia, can be successfully realized only by a democratic Serbia.

Relations With the Ruling Party and Its Government

None of the parties of the united opposition will separately enter into negotiations with the ruling party. Only the united opposition as a single entity may negotiate with the SPS [Socialist Party of Serbia] and its government.

Serbian Question in Yugoslavia

The united opposition will support having the entire Serbian nation, or the vast majority of it, live in one democratic state, under one governmental roof. This state can be Yugoslavia if, primarily, the Slovenes and Croats in fact want this. In the event of the so-called confederalization or disintegration of Yugoslavia, the united opposition does not recognize the existing internal administrative borders, which are ahistorical, illegitimately fixed, and to the Serbian nation profoundly unjust. If in fact some nation wishes to secede, it may not take with it territory that was predominantly populated by Serbs in April 1941, since it would not be just for any nation, including the Croatian nation, to derive any benefit from the criminal genocide perpetrated against another nation.

Council of United Opposition

The joint activities of the united opposition shall be set out and directed by the Council of the United Opposition, which will consist of the chairmen of all associated parties. The council shall elect a chairman from its ranks, who will chair the meetings and represent the united opposition in negotiations with the government and before the public.

Zelenovic on Serbian Republic's First 100 Days

91BA0759C Belgrade POLITIKA in Serbo-Croatian
27 May 91 pp 1, 7-8

[Interview with Dr. Dragutin Zelenovic, professor and prime minister of the Republic of Serbia, by Zvonko Logar; place and date not given: "One Hundred Days of the Government of the Republic of Serbia"—first paragraph is POLITIKA introduction]

[Text] It is just 100 days since formation of the Government of the Republic of Serbia following the multiparty elections and on the basis of the new Constitution. On that occasion, Dr. Dragutin Zelenovic, professor and prime minister, received our columnist Zvonko Logar and answered several of his questions in an extensive interview for POLITIKA.

[Logar] The government which you head has not had the privilege that is customary in countries with a greater democratic tradition of being spared public reproaches and criticism for at least the first 100 days.... Could the reason for the absence of this political solidarity be that we are taking the first uncertain steps of democracy, or is it the tangle of complicated circumstances which the Republic of Serbia has been passing through in these months?

[Zelenovic] The government has not been so much bothered by the criticism during these first months, however unusual it might be in parliamentary democracies. Such criticism can even be beneficial when it is motivated by the interests of society and an effort to develop the republic. Unfortunately, that has not been the case. The criticism has been calculated to discredit the government as an integral part of the attempt to take power by nonparliamentary means. We should certainly see in this a lack of political sophistication, competence, and social responsibility.

The criticism is being uttered from positions of programs and views which are not sufficiently clear, and frequently national interests are superseded by the interests of the parties in taking power, which under the given conditions, which are very complicated, could have, and I fear already is having, far-reaching consequences for the Serbian people, especially for that segment living outside the Republic of Serbia. It might be said that even today everyone who is not rushing to catch the train is demanding that the government resign, but usually does not even know why....

I would like to note that the criticism of the government's policy in the economic domain has been profoundly contradictory. The main opposition parties in Serbia have not only not been criticizing the disastrous policy of the FEC [Federal Executive Council], but have been giving it direct or indirect support. It seems not to occur to them to take responsibility on that basis for the consequences of FEC policy. On the other hand, the opposition parties are criticizing and challenging the development-oriented policy of the Government of Serbia, which is making great efforts to mitigate the adverse consequences of federal policy within the republic.

The party to which this government belongs was victorious in the elections. A constructive contribution of the opposition to Serbia's development and progress would be welcome to the government.

[Logar] The government must obviously count on a very agile opposition in the Serbian National Assembly, including the demands of the trade unions, which are raising social issues, and pressures from outside the parliament. But criticism is also coming from the ranks of the Socialist Party. To what extent is the government bound by the views of a party with whose votes it was elected in the National Assembly, and, in particular, what stance should it take in your opinion toward the programmatic documents of the Socialist Party?

[Zelenovic] First let me note that no government has prospects for success when it is exposed to the constant pressures of unjustified special interests of parties and groups. A tacit or explicit agreement on national interests above parties is indispensable to the successful conduct of a policy. Unfortunately, we have had no such agreement, and it will be difficult to arrive at it unless everyone accepts the rules of the game that exist in parliamentary democracies.

As for the second part of the question, it should be borne in mind that the Government of the Republic of Serbia is a government of all the inhabitants of Serbia, not only those who voted for the Socialist Party. But, as a government of the Socialist Party, we are pursuing the main programmatic goals of our party, and social justice is equally dear to it and to us. Nevertheless, the relationship between our two programs must be viewed dynamically. The program of the Socialist Party, as its representatives frequently say, is not "holy writ," nor a dogma which cannot be changed under the influences of the environment. And just as in the Socialist Party of Serbia, as in any present-day party, there are natural differences in views on many issues, frequently important ones, so in the government's actions there are inevitable departures resulting from the real processes in the course of work. Some of the criticism from the ranks of the Socialist Party in the National Assembly occurs because the government's actions have not been precise enough, because the deputies were not well enough informed or not experienced enough, and because they were not fully enough organized to keep abreast of certain problems in groups, within which those who had gained the best

grasp and whose criticism would be most valuable to the government should speak competently.

[Logar] We then put this question to Prime Minister Zelenovic: You have already mentioned that the federal reform program in many respects cuts against ambitions in the republics, including Serbia. To what extent does that program narrow the room to maneuver for an authentic policy of the republic?

[Zelenovic] It is well known that the recessive policy of the FEC is opposed to the production-oriented program of the Serbian Government. Serbia's attempt to halt the decline of production as a first step to bring it back to the 1989 level, which is a prerequisite for relieving economic and social tensions, has been coming up against the greatest restrictions in the economic policy of the FEC, which utterly neglects measures to halt the decline of production. In that conflict, Serbia's development conception is in deep trouble because all the essential components of economic policy are determined by the FEC and federal authorities. Partial attempts to offset the consequences of federal policy have yielded modest results. It is understandable, then, that Serbia is insisting, in keeping with the suggestions of the Yugoslav Presidency, that the FEC alter its anti-inflation program (it is not a question of an economic reform, which Serbia was the first to advocate) or to withdraw and leave it up to a different FEC to adopt a new production-oriented program. If neither of these two possibilities is accepted, the government will be forced to propose to the National Assembly of Serbia that federal laws not be applied on the territory of the republic. That would give it a free hand, consistent with its own development program, to take measures to carry it out.

The Financial Sources That Are Counted On

[Logar] You set forth your economic program in the National Assembly. Some short-term measures have already been adopted, but we know less about what long-term measures the government's program will be supported.

[Zelenovic] Almost all short-term measures proposed by the program have already been adopted by the government and National Assembly and are being implemented. It is first of all a question of providing additional funds to solve structural problems in social welfare policy, to gradually correct the lateness in payments of pensions, to limit the growth of expenditure in certain activities, and so on. The short-term measures to reduce costs and improve efficiency of the network in the social services and other services are being prepared and will soon be adopted, although there are quite a few strong pressures for the government to abandon them.

As for the more long-term measures, they mainly have to do with preparing and carrying out large infrastructural projects and furnishing the resources for them. You might have noticed that in recent weeks we have been talking a great deal with banking and business circles from France, Austria, Germany, Italy, South Korea, and

other countries. At the same time, a program is being prepared for unification of domestic sources of capital, and work is being done on legislation to make that possible. If everything goes according to plan, by mid-year we would begin to carry out certain projects which have priority in the program.

[Logar] We have had occasion to see that foreign capital is hesitating to commit itself in Yugoslavia because of the political pressures in the country. In that respect, judging by the statements of the ministers in your government, Serbia is to some extent an exception....

[Zelenovic] It is true that because of political conditions in the country foreign capital is hesitating to commit itself in Yugoslavia. It is equally true that there has been an explicitly pronounced interest in investing in the programs of the Government of Serbia. Our most important programs—[illegible word] of the Western countries and the countries of the Near and Far East on the one hand, and the Eastern countries and countries of central Europe with the southern parts of Serbia and Montenegro in transportation, and then [illegible word] the fuel and power industry and gasification in the republic, the pharmaceutical and chemical industries and communications systems, programs for production of healthy food, the development of small enterprises, the electronics and machine industries—are attractive from the standpoint of capital revenue. That is why we are in contact, as I have already mentioned, with financial circles in France, Italy, Switzerland, South Korea, and elsewhere. We are also counting on funds from the World Bank, the IMF, and on intensive visible trade on the markets of the Russian Federation, the Ukraine, Kazakhstan, and other Soviet republics.

So, in spite of the external pressures on Serbia, foreign capital is showing an interest in commitment in our republic, and I believe that in the coming period there will be more of that. Nevertheless, I am counting most on our own resources and material capabilities. I believe that we will achieve our key projects.

[Logar] The difficult situation into which the economy has gotten, and also the fact that an ever larger share of employees are receiving guaranteed personal incomes, seem not to give them sufficient motivation to seriously undertake financial rescue, to change production programs, restructuring, and so on. Does the government have a plan to encourage endeavors in that direction?

[Zelenovic] There are no good solutions unless production revives and the situation changes in the economy. Everyone—both organizations and individuals—must carry on economic activity, must achieve the necessary results and pay the society taxes and contributions. The government will try to bring about the conditions for economic activity—by organizing public enterprises, by creating a different organization of old-age and disability insurance, by establishing funds for rebates and premiums in agriculture, by bringing enterprises into contact with organizations in the world, by establishing an

optimum legal system to regulate the work process, by simplifying flows, by providing motivation for responsibility and stimulation so that production is more abundant and better. Larger production and trade on markets will eliminate the ugly concept of the guaranteed personal income.

[Logar] The government is reproached for concerning itself too much about the unsuccessful segment of the economy and much less about that segment which has a future....

[Zelenovic] The trouble is that the unsuccessful also include enterprises which would be successful under normal circumstances. Accordingly, we need to change the conditions for the conduct of economic activity so that every enterprise would show whether it is really successful or not. I would also mention that in spite of shortcomings in enterprises, which above all arise out of the direct application of economic coercion, those shortcomings are less of a burden on the economy than an erroneous economic policy. Larger and faster results can be achieved, then, first of all from changes in economic policy, changes in enterprise linkage and organization, and constant concern for the market. In any case, the government must bring about conditions embodying the system for the successful and unsuccessful enterprises, inventing incentives which will be appropriate for both, and it is up to the enterprises to provide for their own future by rapidly correcting their shortcomings and by carrying out internal changes that will fit them for constructive business operation on the principle of economic accounting.

We Are Giving No Particular Support to Any Form of Ownership, nor Are We Standing in Anyone's Way

[Logar] The public is not altogether certain what the government's real position is on social ownership, and in particular how far it intends to go in its maintenance of that form of ownership. We might recall the current dispute about the character of ownership in the petroleum and chemical complex....

[Zelenovic] The government's position toward social ownership and every other form of ownership, in keeping with the constitutional definitions, is completely neutral, which means that we do not give anyone special support, nor do we make impediments for any form of ownership. The place that any form of ownership finds for itself depends on the effectiveness it achieves for itself on the market. One thing this means is that the abandoned ideology of social ownership should not be replaced by an ideology of private ownership. As is well known, Serbia has gone the furthest in privatization of social ownership, and, accordingly, the charge of its supporting social ownership has no foundation. Privatization is certainly economically justified in the case of small enterprises, which should never be socially owned. However, socially owned property has been plundered in a number of cases under the guise of privatization, and the petroleum industry is one example. This must be

effectively prevented. We are against abrupt privatization that has not been thought through not because we have any prejudices toward that form of ownership, but because, as even the Western economists are observing, that kind of privatization is not effective, it does not take into account the complexity and gradualness of this process, and it could have grave consequences for the economy.

Our support for the quality of changes in ownership lies in this: that the property of this people, created by generations, must not be stolen and given away. If it is in fact sold, this must be at the real market value, which in the new money form should serve to finance future development.

In the case of the petroleum industry, that is an extremely important segment of the Serbian economy. Because of its nature and importance, for the foreseeable future that industry would have to become a public enterprise that will respect the demands for development of that segment of the economy. Private capital certainly would not be invested in projects that have the highest risk, such as explorations, but would be concentrated on distribution, where the investments are smallest and for a short term and the highest profit is gained at the smallest risk.

Serbia's Market Has Been the Most Open

[Logar] Serbia at one time suspended some of its economic ties with some of the republics. They responded with countermeasures. Do you believe relations might be normalized in the foreseeable future?

[Zelenovic] Serbia has publicly stated its position toward the unified Yugoslav market. Normalization of relations on it depends on the readiness of all the republics to achieve an honest agreement to remove the limitations that have been instituted. The Government of the Republic of Serbia will try to bring it about in the very near future.

Toward the end of last year, the Republic of Serbia adopted a package of so-called protective measures for its economy. Their purpose was to prevent discrimination against our enterprises. Although in the past the markets of certain republics were closed to goods and services of enterprises from Serbia, we never undertook measures to close our market. Since the war, Serbia's market has been the most open. That is easy to ascertain, and others have taken abundant advantage of it.

We have proposed to the FEC that all statutes be repealed in the country which disrupt the unified economic space in the order in which they were adopted, or simultaneously and reciprocally.

[Logar] It is not evident, or perhaps it only seems so, that the government has a plan for a final settlement of the situation in Kosovo and Metohija. In that respect, the policy of the Republic of Serbia seems to have taken up

a defensive position waiting to see what the separatist movement in the province will do.

[Zelenovic] Serbia has brought about all the preconditions for settlement of the situation in Kosovo and Metohija, and in this regard it is not clear what other plan might be necessary. The Constitution of Serbia is based on civil and human rights and also ethnic equality. That guarantees the full equality of the Albanians. They have been guaranteed cultural autonomy. If in addition there are any issues which need to be debated, we are ready to conduct talks even with the Albanian alternative. We are afraid, however, that they will avoid such talks for the simple reason that they are demanding separation of Kosovo and Metohija from Serbia and Yugoslavia. That is the only explanation why the alternative did not take part in the multiparty elections, why it boycotted the poll of the population, why it suggested to Albanians that they leave their work stations in large numbers for political reasons. That kind of behavior takes a toll above all on the Albanians in the province themselves.

[Logar] In the first 100 days you have also faced certain difficulties with personnel in the government. The minister of internal affairs has resigned, and one of the deputy prime ministers also decided on that step a bit unexpectedly.

[Zelenovic] I think that resignations are an altogether normal thing in any government. The current law on ministries was not sponsored by this government, but it has had to adapt to it. In the previous period, a shadow government was not formed, so that it took quite a bit of time to put together the present government. Also, it was not a simple matter to choose ministers either in view of the complexity of the tasks, and that is why there was reason to anticipate in advance that the government would have to undertake greater or lesser reconstructions from time to time. We will be nominating a new minister of internal affairs very shortly and certain other adjustments of portfolios in the government.

As for the deputy prime minister, I think that his main reason for resigning is that he felt that in the job he held previously he could contribute far more to the development of the republic than in the government. In any case, the government is counting on the full cooperation of Deputy Prime Minister Radivojevic, whose responsibility and knowledge are exceptional in the field in which he developed. It has been my particular honor and pleasure to have had the occasion to work with Deputy Prime Minister Radivojevic, whom in any case I have known for many years now.

[Box, p 7]

Concern for Serbs Outside Serbia

[Logar] How do you see the government's role in the further disentanglement of the political destiny of the Serbs in other parts of Yugoslavia?

[Zelenovic] The government considers itself responsible in full measure for the position of Serbs who live outside the Republic of Serbia. It is taking every necessary step and committing its political influence to guaranteeing them all civil rights and ethnic equality. The dilemma of either more democracy or more interest in the position of Serbs outside Serbia is unacceptable to the government. That is a false dilemma and serves as an excuse for parties and individuals that are inclined to leave the destiny of Serbs outside Serbia to uncertainty. It is not possible to cite sufficiently convincing reasons for the argument that concern about Serbs outside Serbia should be neglected because of democracy, nor vice versa. These two goals are not in conflict, and both must be fought for simultaneously. In keeping with the established policy of the Republic of Serbia, the government will strive through the proceedings of resolving the Yugoslav crisis to guarantee full equality of citizens and all rights of the people to decide their own destiny themselves.

[Box, p 8]

Why Serbia Is Accused of Bolshevism

[Logar] One gets the impression that neither the other leading political factors in the Republic of Serbia nor the government have as yet found a way of effectively defending against the charges that they have stuck with the so-called Bolshevik legacy, although there are sufficiently persuasive facts that in this region there is considerably more political pluralism than in certain other republics....

[Zelenovic] In Serbia, there always has been and will be political pluralism and democracy. There is no effective way that Serbia can completely defend itself against the charge that it is Bolshevik because this is a case of undocumented name-calling, not of assertions backed up by argument. They all should know and know well that Serbia is not Bolshevik. It is well known that bolshevism was brought to Yugoslavia, and, accordingly, at one time to Serbia as well, by people of an extremist orientation from outside Serbia, and to that extent the criticism from the communities from which those people came is out of place.

Charges of that kind have a completely different purpose. Serbia is conducting an independent policy. It is not being led by political puppets. In other words, Serbia is not a little servant of certain great powers, and that is considered to be its greatest sin. That is also why it is accused of bolshevism.

People must realize what this is all about. The official representatives of certain states roaming about in Yugoslavia and Serbia should know that in particular. They should get to know the soul and sentiments of a people that has offered hospitality to them with all its heart. But that is a matter of upbringing—it is learned at home from birth until the age of seven. Later, it does not apply!

[Box, p 8]

I Am Still a Researcher

[Logar] Finally, a rather personal question: You are a scientist by vocation, and you have not been in politics very long. How does a scientist feel in the role of prime minister?

[Zelenovic] Actually, I have remained what I have always been—a researcher in the field of complex systems. The design of Serbia's system is the most complicated project in my work to date. The desire to deal with complicated undertakings in a man's life is at the same time a necessity and a challenge. It is a necessity because arranging sets of values of a complex system is a condition for achieving efficiency, which is again the foundation for development of the standard of living; so, this is the relation of a man to his people. And the undertaking is a challenge, because it is man's natural characteristic to research, to design, and to build. Accordingly, I am not a prime minister that conforms to the stereotype of an earlier politician, but I am someone who works in a specific field of research, in an exceptional process of paying my debt to my people, who have made it possible for me to develop and achieve what I have done in my life.

Threat of Split in Serbian Democratic Party

LD2905060191 Belgrade TANJUG in English
2258 GMT 28 May 91

[Text] Sarajevo, May 28 (TANJUG)—President of the Yugoslav Republic of Bosnia-Herzegovina Alija Izetbegovic, who is also president of the Party of Democratic Action (PDA), today said that his party would break off the coalition with the Serbian Democratic Party (SDP) if it "does not renounce the Chetniks in its ranks."

The PDA is individually the strongest party in republican parliament. It rallies Moslems who make up about 43 percent of the population. The SDP rallies Serbs, who make up about 31 percent of the republic's population. These two parties are in coalition with the Croatian Democratic Union (CDU) which rallies Croats who make up 17 percent of the population of this central Yugoslav republic.

Izetbegovic today spoke with Moslems from the southeastern part of the republic where municipalities with predominantly Serb populations have decided to form a new alliance of communes.

The Moslems claim that they are faced with "open Chetniks threats" which "enjoy the support of the legal organs of authority" in the southeastern parts of the republic.

The Chetniks were a [word indistinct] army of prewar Yugoslavia including mostly Serbs. Political parties which call themselves Chetnik have appeared in the Republic of Serbia in the past year.

Today's talks between Izetbegovic and the Moslem delegation were attended also by SDP President Radovan Karadzic, who assessed that such situations should be resolved in a principled way, wherever they might occur.

European Parliament Supports Croatian Policy

91BA0750A Zagreb VECERNJI LIST
in Serbo-Croatian 21 May 91 p 4

[Article by D. Ivankovic: "Dr. Zdravko Tomac After Talks at the European Parliament in Strasbourg: West Changes Position"—first paragraph is VECERNJI LIST introduction]

[Text] The West has finally realized that supporting federalism—the unity of Yugoslavia at any price—under these circumstances in fact means support for the hegemonistic Serbian policy and terrorist forces that are leading us into war, which is Europe's greatest fear.

Zagreb—Official Western European political circles are beginning to adopt a completely different interpretation of events in Yugoslavia and a different outlook on the confederal plan for resolving the crisis, which Western Europe now officially accepts. This was confirmed by Dr. Zdravko Tomac, who together with a delegation from the Slovene SDP [Party of Democratic Reform] spent three days visiting the European Parliament and exchanging information and positions with influential members of the European Parliament (M. Schweede, the coordinator of the EC government for Yugoslavia [as published], W. de Clercq, the chairman of the European Parliament Committee for Economic Relations, Mr. Vitalone, a member of the Italian government, Mr. Avgerinos, the chairman of the European Parliament delegation for Yugoslavia and vice chairman Ms. Pack, Mr. Osterlander, in charge of preparing a new report on Yugoslavia, and Mr. Toffan, the Italian ambassador to the EC, and representatives of the United European Left, the dominant group in the European Parliament).

Lessons From the Referendum

Before Z. Tomac [spoke], journalists were addressed by the chairman of the SDP [Party of Democratic Changes] of Croatia, Ivica Racan, who said that the result of the referendum in Croatia, the idea of which the SDP supported from the very outset, is binding on the assembly, the government, and the president of the republic, but that this outcome also sends a warning to everyone in Yugoslavia that they must respect this clearly expressed will of the citizens of Croatia. The nonelection of S. Mesic also had a powerful effect on the will of the citizens, because Serbia is apparently unable to vote for the Croatian representative to the Presidency, Racan said.

Zdravko Tomac explained how over the past week, immediately prior to the adoption of the European Parliament resolution on Yugoslavia, there was a great deal of commotion in Strasbourg, with four delegations on the scene—from Slovenia, Croatia, and Serbia, all

trying to influence the positions of the members of the European Parliament. Judging from the talks and text of the declaration, it is apparent that in recent days the West has fundamentally changed its position toward the efforts of Slovenia and Croatia, and has become fully aware of the aggressive, expansionist, and belligerent policy of Serbia. There is appreciation for the position of the Croatian and Slovene SDP delegations, that Croatia and Slovenia are for compromise, but that the limits of compromise have already been exceeded and that there can be no more compromise. The Serbian side must now be compelled to agree to a compromise.

Why Peace?

The change in the EC position was significantly influenced by Serbia's blockage of S. Mesic's election, a move that clearly demonstrated the essence of Serbian policy. The clearly defined position of members of the European Parliament and the official EC position is that they will accept any solution that we agree to in Yugoslavia, while it is clear to them that the federal option and a return to the old system is definitively out of the question as a possibility. Tomac noted that 14 days ago the West was officially unwilling to even consider the equal validity of the confederal and federal options. Of even greater importance is the fact that they finally realized that supporting federalism—the unity of Yugoslavia at any price—under these circumstances in fact means support for the hegemonistic Serbian policy and terrorist forces that are leading us into war, which is Europe's greatest fear. It is especially important that the European Parliament is energetically opposed to the use of the military and of force in resolving the Yugoslav crisis, which "cannot be allowed to happen at any price." It also supports guarantees of the inviolability of Yugoslavia's external and internal borders.

Tomac said that members of the European Parliament even asked "whether it is possible to buy peace in Yugoslavia." In response to this, the Croatian-Slovene delegation explained that peace cannot be bought in Yugoslavia through financial injections, because support for the existing governmental concept of Yugoslavia is leading us into war. Our members of parliament were told that Western Europe is preparing for the possibility that it will not be possible to resolve the crisis peacefully, but rather that this will be achieved through secession and the possible eruption of war. But Tomac was unable at this time to make public what sort of preparations are being made, although he will inform the Croatian leadership and the president of the republic of them "if they are interested."

Understood Policy of Croatia

Tomac said that our delegation had major problems until it alleviated European Parliament members' suspicions concerning the essence and reality of Croatian policy, as well as the recent visit by far-right extremist Le Pen to Croatia, where he was received on a high governmental level, in view of the fact that the majority in the

European Parliament is held by forces of the United European Left, and that because of this assistance and support should be sought from them, not from the Right. It is important that the members of the European Parliament have finally recognized that they can no longer play only the Ante Markovic card, because that is not enough to avert the chaotic disintegration of Yugoslavia. The conclusion is that Western Europe has now begun to think about how to establish new states in the Balkans, states that will not be involved in war against one another. The policy of Croatia and Slovenia is understood, although much remains to be done in order to move from understanding to pure political and other support. But it is a big thing that confederation has now become very acceptable to Western Europe as an option for the peaceful resolution of the Yugoslav crisis.

Slovenia's Peterle Meets Opstina Officials

91BA0750B Belgrade BORBA in Serbo-Croatian
23 May 91 p 9

[Article by D.D.: "Peterle and Members of Slovene Government Meet With Representatives of Opstina Executive Councils: Deserters Without Protection"—first paragraph is BORBA introduction]

[Text] Janez Jansa: There is no legal basis for protecting deserters from the JNA [Yugoslav People's Army]. [Peterle comments] on Yugoslav clearing and currency, customs union, freezing real estate, and the border with Croatia.

Ljubljana—Current events in Yugoslavia are largely of benefit to Slovenia, Alojzij Peterle emphasized at yesterday's meeting with representatives of opstina executive councils. In contacts with the rest of the world, the number of people who are not in favor of preserving Yugoslavia at any price is growing larger, and as far as commercial trends are concerned, no one is even considering blockading Slovenia after independence, it was noted at yesterday's meeting, which was attended by several Slovene ministers, in addition to the prime minister.

Peterle emphasized, and Minister for Trade Maks Bastl confirmed, that the idea of an interrepublic clearing system with Croatia, Bosnia-Herzegovina, and Macedonia has been accepted in principle, something that is suitable to Slovenia because of the general insolvency in the country, but also because it intends to issue its own currency. This currency is necessary, Maks Bastl explained, primarily because Serbia and Montenegro have raided the Yugoslav monetary system and there is no guarantee that they will not do so again.

Minister for Defense Janez Jansa said that the so-called green line will still be controlled by the JNA for the transitional period, or rather that the stalemate will remain in effect until control over the border is transferred to the authority of Slovenia's Ministry for Internal Affairs over a given period. Maks Bastl talked about the other problem associated with the border, emphasizing

that Slovenia is avoiding an intensification of the customs duty situation until the region is finally taken under control. Otherwise, Slovenia has a detailed plan for talks with all other republics, and it hopes that there will be some sort of customs union in the Yugoslav region.

Asked about the border question with Croatia, especially in connection with fishing as well as joint property in the Istrian Peninsula, and in particular health facilities that are being frequented by fewer and fewer Croats, Minister Bastl responded that talks about this are forthcoming, and that talks are already under way with representatives of Croatia. Moreover, Slovenia is proposing some sort of freeze on real estate transactions, so that federal institutions or others may not sell property that they own in Slovenia, and Slovenia will not do so with property that it owns outside its own territory.

When asked by the representative of Vrhnika opstina what will happen to JNA deserters, or whether the republic will be able to protect them, Minister for Defense Janez Jansa responded that there is no legal basis for protection, because the Slovene Assembly has not adopted a resolution on recalling soldiers from Slovenia, so that the problems will have to be solved individually.

Bosnian Parliament Seen Near Collapse

*91BA0759B Sarajevo OSLOBODJENJE
in Serbo-Croatian 23 May 91 p 1*

[Article by Rajko Zivkovic: "What Awaits Us"]

[Text] Because of disagreement and disunity, above all among the three victorious ethnic parties, the parliament of Bosnia-Herzegovina was yesterday on the verge of a tragic disintegration, and sometime after 1300 [1500 GMT] found itself in a situation similar to the one of the SFRY Presidency seven days ago. So that the parliament would not disintegrate, and it was threatened with that over an entire two days of proceedings, it recessed yesterday without reaching agreement even on the agenda and is to meet again, according to the agreement nevertheless reached, in one week.

If all the little pieces in the mosaic of parliamentary life in this republic were arranged these days with any kind of precision and if all of this were placed in a broader frame of the current Yugoslav crisis, differing conclusions and also certain lessons could be drawn. Perhaps one would not be deceived to assert that everything that happened yesterday and the day before yesterday in the parliament of Bosnia-Herzegovina nevertheless has some logic of its own, projected, of course, from a particular place, with certain tasks and with objectives that have been clearly set and established. It would, of course, be wrong to include in that entire scenario the extremely perfidious attack on Velibor Ostojic, a minister in the government and a high official in the Serbian Democratic Party of Bosnia-Herzegovina, whose graduated ultimatums have largely fostered this outcome of

the parliamentary session over the last two days. Actually, one might rather say that Ostojic's injuries, unfortunately, served to speed up the cause with those tasks and goals even while the situation, in other words, was hot.

Be that as it may, and even if those analysts should not be entirely right, the public will most probably agree in the assessment that Bosnia-Herzegovina, the parliament, and, accordingly, the republic's government are at the height of crisis, that is, that the blueprint of a parliament of ethnic political parties, after only six months of operation, is experiencing grave and life-threatening agony, which in historical terms could be a very great loss to Bosnia-Herzegovina and all its nationalities and ethnic minorities. There is no doubt that the assembly president, Mr. Krajisnik, yesterday made the best move he could have made. He recessed the session of parliament so that that same parliament would not ultimately fall apart, with an obvious guarantee that it would never meet again as such.

What follows from all this we can only guess, and it is more disturbing for us now than it was before yesterday. After all, for a long time now many things were not functioning as they should in that parliament: the promised loose coalition or on the other hand a firmer partnership of the ethnic parties, has not been functioning; hardly anything coming from the opposition parties is respected, not even the most constructive proposals; discussion is carried on from positions of numerical strength, without argument, and not even those irrefutable arguments of the other side are respected; and the willingness to compromise, it has turned out, is more an abstract noun than any reality.

Under those conditions, it is worth remembering today certain campaign promises and the readiness for dialogue and agreement on peace, prosperity, and a community life for us all in this region, a sovereign Bosnia-Herzegovina, an indivisible Yugoslavia.... Have some of the promises been abandoned, were we—going back to yesterday's democratic parliamentary farce—nevertheless deceived, or is it a case where the parties in power in a way reached a compromise yesterday to avoid the worst—a parting of the ways that would put Bosnia-Herzegovina in an irretrievable situation? However, if we compare everything which the parliament could have and should have agreed on in the last two days, and above all what it could have said about Yugoslavia's most painful question—its survival and the election of Mesic—then it is not difficult even for political laymen and those who are unfamiliar with politics to draw a conclusion about everything that may await us after the kind of day yesterday was.

Bosnian Presidency Call for Federal Help Assessed

*91BA0770B Belgrade BORBA in Serbo-Croatian
29 May 91 p 9*

[Article by Dragica Pusonjic: "Has It Already Burned Out?"]

[Text] Sarajevo—In Bosnia-Herzegovina, there is a coordinated government drive on to disarm illegally armed

groups and individuals, with the help of the federal police and Army if necessary.

The decision to that effect was made the night before last by the Presidency of SR [Socialist Republic] Bosnia-Herzegovina in the presence of officials of the assembly, the government, members of the councils for protection of constitutional order and national defense, and the deputy federal secretary for internal affairs.

The collective chief of state of Bosnia-Herzegovina judged that there has been an additional deterioration of the already worsened political-security situation, and that was the reason that the Presidency threatened, should it be necessary, to "seek the aid and support of federal authorities, above all the SSUP [Federal Secretariat for Internal Affairs], and if necessary even the JNA [Yugoslav People's Army]." The size of the threat to "peaceful life, legal safety, and protection of citizens' property" is indicated by the demand of the Presidency that in its next meeting the government uncover the causes of the deterioration of the security-political situation and "take vigorous steps within its jurisdiction" and that "the competent authorities also study the behavior of all participants in the unlawful acquisition and transport of arms."

The occasion for the Presidency of Bosnia-Herzegovina to make the decision it did, and it did so in its broadest possible membership (almost the makeup that assembles in a crisis) was the illegal transport of guns and ammunition "between Niksic and Ljubljina," which was discovered in an action of the Bilece SJB [public security station] late last week. Three smugglers were arrested at that time, among them one delegate in the republic's parliament and a leader of the local SDS [Social Democratic Party] in Ljubljina.

And the call from the Presidency to the political parties in the republic to exert their political will to resolve all conflicts by agreement, "precluding every form of passion and ethnic and religious division" is additional confirmation of the alarming situation in which Bosnia-Herzegovina finds itself. After all, the appeal was sent even to those who are not in the ruling coalition and have no influence on the government whatsoever.

What did the most recent communication of the agency which has the constitutional power to initiate all the mechanisms of state coercion demonstrate? It is a very essential fact that this communication was adopted unanimously, which is a rarity in the work of the Presidency, which is divided along ethnic and party lines to the extent, say, that its Serb members hold press conferences on their own; the unanimity was all the more encouraging because all members of the Presidency have "close ties" to the ethnic parties, which adjust this point, when mutual conflicts are reaching the culminating point.

But matters are not really all that simple. With that kind of communication, the Presidency merely led itself into a contradiction. When the supreme authority of the federal state adopted the famous decision on disarming all illegal groupings and individuals, Bosnia proudly did not recognize that decision. Its top leaders were at that time declaring at the top of their lungs that the decision of the SFRY Presidency "does not apply to Bosnia, that pestilences of that kind did not exist here." To be sure, the Serb leader, Radovan Karadzic, even cynically mentioned "certain individuals in hunting societies and fire-fighting units are carrying weapons," which was immediately denied, and then it was cast into oblivion because of the general consternation resulting from the importation of Kalashnikovs into Croatia.

Karadzic's charges were also later denied to the effect that "someone in Bosnia-Herzegovina is building a party army," which the leader of the SDS did not want to clarify even if his life depended on it. The SDA [Democratic Action Party] and the HDZ [Croatian Democratic Community] did not recognize that charge, and the SDS has always said that it does not engage in adventures of this kind.

Since Bilece, the picture has been essentially different—one of the smugglers sits in the supreme body of the republic government and is the leader of a chapter of a leading party, the SDS, and after the communication of the Presidency of Bosnia-Herzegovina it is clear that people in this republic are arming themselves in large numbers and on all sides. Otherwise, why would the "threat" of the Yugoslav police and Army be made?

What follows from that? That the republic Presidency is now putting out a fire which looked cold at the moment when it was lit, announcing to the public that everything is all right? The pattern of behavior, as Karadzic is declaring every other minute as he criticizes the Muslim and Croat partners, is in the style of "the house is burning, but the old woman is combing her hair." Now that the domestic police are unable to take control of the "process," the MUP [Ministry of Internal Affairs] has made it known that it cannot "sufficiently" guarantee political-security stability, and, when it is possible to ask what the government did when arms were "imported" into Bosnia-Herzegovina and why the authorities here are unable to do the job for which they are paid, salvation is sought in a Yugoslavia which they have been quarreling about for half a year—yet another piece of evidence that for some people there is no life without Yugoslavia.

It would be interesting to know, even though it could cause all kinds of embarrassment, why the SDS is rebelling because of the strengthened control of the Bosnia-Herzegovina MUP on the border with Serbia and Montenegro. Even if the truth is that that kind of surveillance is lacking on the border with Croatia, that cannot be an excuse for placing something that threatens

peaceful life in this region under someone's protection, even though that someone be the SDS, the SDA, or the HDZ.

The most symptomatic detail in the Presidency's communication is the appeal to preclude "every kind of passion and ethnic and religious divisiveness." Passions and ethnic divisiveness can no longer be hidden, even if someone wants it that way. How are we to account for the appeal to overcome "religious divisiveness," when in the governmental ABC's up to now the community life of Muslims, Catholics, Orthodox, Jews, and others has been exemplary? Is the Presidency of Bosnia-Herzegovina causing confusion, or does it possess certain information? Does this have anything to do with the inquiry into the automatic rifles found on certain religious officials, which was discussed in a recent press conference in the MUP? Does it mean that possibly even the religious communities are not sitting with their arms folded in this time of armament? There are many questions, but we were unable to obtain the answer yesterday. All officials of Bosnia-Herzegovina were in the building of the Presidency, and the news has not yet arrived as to what was happening there.

In view of the enormous aggravation of the situation all over Bosnia and Herzegovina, the most important information is that 20 Muslims reached the central headquarters of the SDA in Sarajevo from Bilece, seeking accommodations to escape the "Chetnik government," and that the Muslim policeman who discovered the arms' smuggling has disappeared from his own house by a rope thrown over the roof (with the help of a Serb from Bilece), an explanation and also measures must not be long in coming.

Bosnian Vice President on Internal Affairs

91BA0770A Zagreb VJESNIK (VJESNIK U SRIJEDU supplement) in Serbo-Croatian 29 May 91 p 3

[Interview with Muhamed Cengic, engineer and deputy prime minister of Bosnia-Herzegovina, by Mladen Mirosavljevic; place and date not given: "I Was Not in Zagreb"—first paragraph is VJESNIK introduction]

[Text] Muhamed Cengic, engineer and deputy prime minister of Bosnia-Herzegovina, became well known to the general public when he began to engage in politics, which he entered by the front door in the election campaign of the first multiparty elections in this republic. Since the SDA [Democratic Action Party] was first formed, he has been in its front ranks, and then as the party's vice president he became one of the influential members of its leadership. Cengic, born in 1942 in Foca, had not previously been in politics, but had worked at various places as a mechanical engineer, notably in the Slovenian firm Hermes, where he was concerned with foreign trade, and then he held similar positions in the representative office of Lesnina, where he remained until he took up his duties as deputy prime minister of Bosnia-Herzegovina. As one of its three

deputy prime ministers, he has been assigned perhaps the most sensitive area—the economy.

[Mirosavljevic] To what extent do conflicts among the three ethnic parties affect the work of the Bosnia-Herzegovina Government, which also consists of representatives of those parties?

[Cengic] Recently, those conflicts have had an adverse effect. Up until the point when it was declared that opstinas with a Serb population would be regionalized, first in Bosanska Krajina and then in eastern Herzegovina and on Romanija, we in the government achieved reconciliation concerning many proposals regardless of the parties or nationalities from which the ministers came. There were differing views, but mainly the decisions were made unanimously and there was never any voting or outvoting. However, the first time this occurred, although I did not attend that meeting of the government, was when regionalization of Bosnia-Herzegovina was debated. Then the Serb ministers voted for regionalization and the Muslims and Croats against. That was the first stumbling block of any importance because of the assertions that regionalization was economically justified.

[Mirosavljevic] In spite of the constant exchange of accusations, can the partnership of the three ethnic parties and the government of the same makeup hold out?

[Cengic] I think that the partnership may last, although we must first agree whether a government made up of intelligent and professionally competent people should be left to govern according to the abilities of the ministers or whether someone from outside should suggest how to behave in certain cases. After all, the heads of the parties, say, cannot suggest to the ministers what position they should take on certain economic topics, for example. The ministers assigned to those areas are the ones who know them best. They should propose measures to the government which it then would adopt and afterward implement. Right now our great stumbling block is this regionalization that caused the division in the first place. If we should agree, and I have called for holding a meeting of the government, the members of the Bosnia-Herzegovina Presidency and the heads of the parties on the topic that the government would be more effective if we made decisions according to the situation in Bosnia-Herzegovina rather than according to the wishes of the parties, especially when it comes to the economy. It would be good for the party leaders to state what kind of policy they are fighting for. Not only to state that they are fighting for their nationality, but the kind of Bosnia-Herzegovina and Yugoslavia they are for. So that we can see what kind of democracy they imagine both in a federal and a confederal community. After all, it could be this way or that way and it might contain neither democracy nor equality nor what we are now sworn to, and I feel that that is lacking in Bosnia-Herzegovina. I think that the people's main interest is in having jobs and not going hungry.

[Miroslavljivic] What do you think about Radovan Karadzic's statement that if the partnership is terminated, there will no longer be any Bosnia-Herzegovina either?

[Cengic] As far as the statement is concerned, I think he did not give much thought to it, because there is a public assembly and government, and accordingly, should the partnership break up, the government would be replenished by ministers for those portfolios which have been left vacant. Bosnia and Herzegovina should be governed, as we have agreed, by the three nationalities, but we did not say that they must be any particular people. So that in case the partnership is dissolved, the ministries would again be staffed with personnel of all three nationalities, and the government would certainly not work to the detriment of any nationality in the republic. Not only will it function, but Bosnia and Herzegovina will certainly survive. As for speculation about division of the republic, that can be nothing more than someone's wishful thinking, although perhaps scenarios are being written for its erosion, but I guarantee that that will not occur without civil war. And, in view of the number of armed citizens, it would cause tens of thousands, and perhaps even hundreds of thousands, of casualties. But Bosnia-Herzegovina would still survive, and those who lived through it would still have to reach agreement. There is no possibility of its erosion.

[Miroslavljivic] And the opposition's demand for formation of a national salvation government?

[Cengic] There is no possibility that a national salvation government will be formed, because we feel that we are already such a government, because we are representatives of the three nationalities. I personally knew when I entered it that I was taking up a very difficult and responsible post, but nevertheless I thought, especially when I heard who the other members of the government were, that we would succeed in preserving Bosnia-Herzegovina and in pulling its economy out of this kind of collapse. However, right at this point we are drawing it into a still graver situation, because we are not resolving the economic problems at all, because we do not have a calm political situation so that we could begin to solve those economic problems. Who today would be crazy enough to invest money or grant credit to our business people, when we do not know what will happen either to us or to that invested money, but, because traffic is blocked, it is not even possible to reach us and leave us normally. Thus, pacification of the political situation is the basis for a beginning to solve the economic situation as well. The three nationalities of Bosnia-Herzegovina actually had an opportunity to create the kind of community that would serve as an example for others in Yugoslavia, because we would demonstrate how different nationalities can live in harmony. However, these ultimative demands to the effect that there will be a federation or no longer any Bosnia or a confederation and there will be no Bosnia are just empty theories, because there will be a Bosnia.

[Miroslavljivic] Where do you see the way out of the economic collapse?

[Cengic] I see the way out in a government commitment to count up the assets it has and how much it can obtain over a particular period of time and to calculate where it will invest them. What we are doing now is firefighting, whether it is a case of the Zenica or Ilijas steel mill or some other enterprise, and it leads nowhere. I offered the solution of paying wages and salaries whatever they come to, but to put 50 percent of the money into a fund from which to finance those branches of the economy and those enterprises which have programs and an opportunity for advancement. We do not expect credits from abroad, nor do we anticipate that someone will be buying up our enterprises. In a meeting with an Austrian delegation the other day, they told me frankly that we have no chance of that because of the political uncertainty and the questionable assets in the economy, whose magnitude is an unknown. One way would be for us to draw a line and see who to help and why. To pay out because of strikes or because the highways are blocked signifies total ruin both for the economy and the system. Bosnia-Herzegovina will rather fall apart because of that, because chaos will ensue which no one will be able to resolve.

[Miroslavljivic] What is your view of the increasingly frequent demonstrations in Bosnia-Herzegovina which consist of blocking highway and rail traffic?

[Cengic] That is the most imprudent thing that has been done so far. Instead of striking on the factory grounds and seeking a discussion with representatives of the government, they are blocking traffic. That causes new losses which we must all pay for. That blockage, as has already been demonstrated, has always been detrimental to those collectives who have done it. I would also propose that the government adopt a strike law, and there also exists the federal law, and all those who go on strike should be handled as it prescribes. The question is, however, how to anticipate this kind of protest? After all, we cannot just let people who think that they know everything lead people into a strike in this way and with consequences of this kind.

[Miroslavljivic] How true is the conclusion that Bosnia-Herzegovina is no longer functioning as a sociopolitical community over a sizable portion of its territory?

[Cengic] Up to this point it is not accurate, because no one has refused obedience to the republic government or the application of the laws that prevail in the republic. There has just been the announcement that some opstinas being regionalized could halt the payment of taxes, but that is part of an initiative for regionalization, although I think that this would be to their detriment, because the opstinas in question, as they themselves say, are underdeveloped. In that case, the Government of Bosnia-Herzegovina would take certain measures,

because so long as it exists, along with the republic assembly, all citizens in the republic must respect their laws.

[Miroslavljec] How would you comment on the assertions that the Serbian population in Bosanska Krajina is for all practical purposes recognizing the SAO [Serbian Autonomous Oblast] Krajina as a state, sending the Croatian policemen arrested in Bosansko Grahovo to Knin instead of Bihac, or those to the effect that western Hercegovina has done everything but formally proclaim regionalization?

[Cengic] The MUP [Ministry of Internal Affairs] has issued a report on all that from which it follows that the Croatian policemen were arrested in Bosansko Grahovo, but they could not be turned over to the competent authorities either in the direction of Sarajevo or the direction of Bihac or Banja Luka, but the only road open was toward Knin, which is the road on which they were actually taken, and they were taken by the Knin police, so they were led off to Knin. They have now been returned to Banja Luka, but I cannot understand why they actually could not have been sent to Banja Luka or Sarajevo. I have condemned this most vigorously, taking the position that whoever did this must take the responsibility, but I was told that it was a case of kidnapping.

[Miroslavljec] Have any secret agreements been reached between Croatia and Serbia at the expense of Bosnia-Hercegovina, and what would that mean for the Muslims, for Bosnia-Hercegovina, and for Yugoslavia?

[Cengic] I think that neither Mr. Tudjman nor Comrade Milosevic have attempted to talk about a division of Bosnia-Hercegovina, because they certainly know that such an agreement could not be made without its citizens, and if they have talked, then it was precisely on that account. If they should agree on such a division, I am here to say that that cannot come about peacefully. That would certainly result in civil war. Not a single part of Bosnia-Hercegovina will be annexed to anyone, and I think that our citizens are also aware that if a civil war should occur, they are the ones who would suffer the most. I do not believe that they would get help from a large number of those either across the Drina or across the Una. Perhaps only the leaders who have caused that war would request salvation, but it is most likely that even they would not be rescued.

[Miroslavljec] What reason do you suppose there is for the appearance of an article in POLITIKA EKSPRES about alleged "secret negotiations between Tudjman and the leader of the Muslim-HDZ [Croatian Democratic Community] coalition on the joining of Bosnia-Hercegovina to Croatia"?

[Cengic] It is obvious that this is a pure, but deliberate lie. However, the one who did that asserts that those were secret talks, although there were detailed accounts of them in the press, but he mistakenly cites precisely that information which could be checked very easily. Beginning with the fact that at that time I was not in

Zagreb, nor incidentally have I been [there] for a long time, not since I took office. I think that the purpose of these articles in the Belgrade press is to help the SDS [Social Democratic Party] in Bosnia-Hercegovina. It is interesting and indicative that what was contained in the so-called communication of the SDS, which it imposed as an item on the agenda in a session of the assembly, and which pertains to me, coincided with the headlines in the Belgrade press. I assume that all that came about because of the rumors that I would be the candidate from Bosnia-Hercegovina for the position of member of the SFRY Presidency, and they wanted to eliminate me in advance in that way. It is the same thing that happened to Mesic. However, I would like someone to show me any statement I have made, say, against any nationality. The only thing that interests me is whether someone knows how to do his job or not. Right at this point I am in favor of not getting rid of the people from the previous government who know their jobs. However, there are opponents from all three parties who want to bring in their own people, regardless of their abilities for those jobs, taking the view that authority has not been assumed until completely new people have been brought in. However, how can any minister be successful if you give him incompetent collaborators and the present ones have been much more effective? And in the election campaign we specifically said that we would put only able people into responsible positions, not people who were obedient.

Arming of Kosovo Serbs, Montenegrins Decried

91BA0750C Zagreb VJESNIK in Serbo-Croatian
22 May 91 p 4

[Article by Nadira Avdic Vllasi: "Kosovo: Warlike and Terrifying; Loud Clanking of Weapons"—first paragraph is VJESNIK introduction]

[Text] Weapons and ammunition in Kosovo are being distributed under one condition, and one condition only—that those who get them are Serbs. Sick or healthy, honest or criminal, whether or not and how they intend to use the weapons—none of this matters.

Pristina—Albanian newspapers are filled with reports of weapon deliveries for Serbs and Montenegrins in all areas, of cars and trucks in which vast quantities of automatic and semiautomatic guns are being brought in. Serbs in Kosovo are publicly preparing themselves—and no one else—for war. Some of them, in groups with guns propped on their shoulders, are swaggering around town, while others are storing weapons in vans outside police stations. "Serbs are happy to become soldiers"; euphoria has taken hold of not only the harsh and aggressive people, but also the peaceful and reasonable ones.

Muslim Detachments

Albanian schoolchildren talk not only about the school year that the Serbian authorities want to take away from them, but also about how the famous Bogdan Kecman

fired a clip of ammunition at the entrance of the building in which they live. The atmosphere in Kosovo is terrifying. Those apparently destined to play the role of victim seem to be calmly watching the preparations for slaughter and massacre. In fact, the Committee for the Protection of Human Rights and Freedoms in Pristina has spoken out, protesting the campaign to legally arm Serbs. They say that this constitutes a direct provocation and a threat of possible bloodshed.

When asked at a recent press conference in Novi Pazar whether it was true that Muslim detachments are being formed, Dr. Sulejman Ugljanin, the chairman of the Muslim National Council of Sandzak, responded, "Well, we can't wait to form them after the shooting has begun, can we?" The largest Kosovo Albanian party, the Democratic Alliance of Kosovo, together with the Peasants Party, has spoken out in a report to the FEC [Federal Executive Council] and Prime Minister Markovic on the public distribution of weapons to Serbs and Montenegrins. These parties warn that this activity is alarming the defenseless Albanians, and that the federal government will bear responsibility for the consequences if the arms buildup is not halted!

However, if there are shootings or a Chetnik-style slaughter of Albanians, the least important thing will be who bears responsibility. It is a fact that the Serbian authorities have stripped the Albanians of all weapons for which they held licenses, in addition to the illegal arms, and that this was accomplished by ransacking Albanian villages, houses, and apartments.

Following the first phase of arming the Serbs, far from the public eye and accompanied by the issue of licenses, the terrifying second phase has now begun in recent days. These are not paramilitary units that nonetheless behave according to certain rules. The weapons and ammunition are being distributed under one condition, and one condition only: that those who get them are Serbs. Their psychological fitness, whether they are sick or healthy, honest or criminal, whether or not and how they intend to use the weapons—none of this matters. The memory among Albanians is still fresh of how in 1912 and later in the old Yugoslavia an Albanian could be killed like a dog, and no one would have to answer for this. If it was a Serb who did the killing, of course.

Solevic Active

Resurrected in Kosovo, Miroslav Solevic notes in JED-INSTVO that in the past Serbs have misused pistols primarily at weddings. He believes that the battle that will be over as quick as lightning cannot be won by

regular troops alone, whether they are the army, the police, or the reserve forces. "It is essential that we organize structures in all local organizations and larger villages. We are talking here about organized military units that would be well armed and ready to come to the defense of the Serbian state in this region at the first sign of unrest." This is how the creator of the rally-based "antibureaucratic revolution" has described what is happening before our eyes. This explains the phenomenon of military Pinzgauers [Austrian-made 4-wheel-drive vehicle] in Malesevo, who on several occasions have transported weapons for the SUP [Secretariat for Internal Affairs] Malesevo-SUP Kijevo (Kosovo) connection, as reported by BUJKU. This is why farmers are carrying weapons even in bags and on tractors.

Are the Serbs preparing for yet another shameful page in their history as far as Albanians are concerned? They are openly preparing for war, but the Albanians are not preparing for defense. Their opposition parties are insisting on passive resistance and democratic methods of struggle, so that it can be assumed that this would not be civil war, but rather a plague on the Albanian population. But the first sign of unrest, as noted by Solevic, remains to be seen, unless in the meantime we are mowed down by a burst of machine gun fire from some depressed and drunken passerby.

9 Belgrade University Schools To Go on Strike

*LD2805210291 Belgrade TANJUG in English
1809 GMT 28 May 91*

[Text] Belgrade, May 28 (TANJUG)—Nine university schools in Belgrade are going on strike discontented with the Republic of Serbia's government treatment of these schools, it was said at today's press conference held by the University Strike Coordinating Committee.

The Civil Engineering and Biology Schools are not working as of today. Those not to operate as of June 3 are the Schools of Agriculture, Mining and Geology, Languages, Philosophy, and Transportation and, probably, Physical Culture. The School of Architecture is to go on strike June 7.

A decision to strike was made after last night's abortive talks between representatives of the government and the Belgrade University, the country's biggest university.

It was said that the government was "underestimating" the university-level education as might be seen from the fact that 329 million dinars was allotted to Serbia's four universities as compared with 244 million dinars to the university in Pristina, the Province of Kosovo.

YUGOSLAVIA

Future of Yugoslav People's Army Discussed

91BA0755A Zagreb VJESNIK (VJESNIK U SRIJEDU supplement) in Serbo-Croatian 22 May 91 p 1

[Article by Zeljko Buksa: "An Army of Deserters or Professionals"]

[Text] Is the JNA [Yugoslav People's Army] falling apart? Recently, that question has become increasingly relevant. If someone in the top military leadership decides to renounce his subordination to his commander in chief, the SFRY Presidency, and attempts to interrupt the political circus at the moment with a military coup and take power, the question is whether there will be anyone left in uniform to carry it out or will staff officers have to sit in the tanks? That is, the way things have been going, soon the only ones left in the JNA, especially in the case of a military takeover, would be only some of the Serbian and Montenegrin recruits and rare fanatics from the other republics. People are thinking more and more out loud that immediately after a military coup (and perhaps even earlier) a majority of the republics would pull out their recruits and officers and establish their own armies.

Slovene Deserters Are the Most Numerous

But while the establishment of republic armies is mainly only in the planning stage, the erosion of the JNA has already begun. This is confirmed by the increasingly frequent reports that Slovene and Croat recruits are deserting from the JNA, but recently, now that the Army is being pushed more frequently into resolving political conflicts, they are being joined more and more by soldiers from the other republics, who do not want to "risk their necks" because of someone else's policy that is unacceptable to them.

Even in late April the first Slovene soldiers and officers began to leave the JNA in large numbers, and that mainly from units of the Fifth Military District located in the region of the Dalmatian Zagora and especially from units on the territory of opstinas with a Serb majority in the population. The largest group allegedly fled from the unit of the Bihac garrison. It reportedly included five soldiers and one noncommissioned officer. They mainly went on foot in early May and got through to Slovenia. The main reason they gave for their flight was the stresses to which they were exposed and the great physical efforts they were no longer up to because of the bad food. It is interesting that the commanding officers of the unit and garrison from which they fled have informed their parents that if they come back voluntarily it will all be treated as an "extended weekend absence"!

The Slovenian Defense Ministry immediately spoke up, warning that republic authorities do not have the legal basis for protecting those under a military obligation who have willfully left units of the JNA. Desertion from the JNA, if the absence lasts longer than one month, is

punishable by a prison sentence of not less than six months and not more than five years. Only in some cases are disciplinary proceedings possible. Nevertheless, others of the approximately 6,000 Slovenian recruits have decided on desertion as the best solution, while others no longer wanted to go back to their units at the end of leave. The most frequent reason for desertion was fear that the military authorities would extend their time in the JNA by proclaiming military exercises or delivering a call for reservists, and also after 10 June at the latest they will not be allowed to go home after their seven-month military service, as envisaged by the new Slovenian Law on the Military Obligation.

That law provides that in the future Slovenes may serve a six-month or seven-month term of military service limited to territorial defense units or law enforcement authorities. Thus, the first 120 young Slovenian men who will do their military service under the new law have just gathered in the Slovenian Defense Training Center in Ig.

Croats Are Leaving Military Academies

There are also fewer Croats. From what we have learned, a considerable number of cadets from Croatia have recently been leaving military schools and academics. Thus, of the 25 Croats in the first year at the Naval Academy in Split only five reportedly enrolled for the second year, and others are still thinking about leaving. The situation is similar in the military academies of ground forces, which, according to information obtained from the cadets themselves, have been abandoned by almost all the Slovenes, and very few Croats have remained. And even they say that they have been frequently mistreated. It reportedly is no better in schools for reserve officers. Many Croat cadets reportedly do not want to return from leave, although the Croatian Defense Ministry warned them that they could be subject to criminal prosecution. Those warnings rarely help. After all, there are increasingly frequent complaints that they are not receiving equal treatment.

For example, in the school at Zadar, they say, sometimes they are not given weapons at all, care is taken that there not be too many Croats and Albanians on guard at the same time, they are watched more closely, and, in general, a far lower level of confidence is placed in them than in others. Not infrequently, they say, they are subjected to harassment by officers. Thus, it is alleged that recently an officer in the Naval Academy questioned them as to whether or not they "would be ready to fire on the population."

More and more young Croat men do not want to even do military service in the JNA. In the Osjek Secretariat for National Defense, nine men recently reported who did not wish to go into the JNA, but the Defense Ministry told them that they nevertheless must go until the Croatian Assembly and Croatian government decide otherwise. Only one agreed to go, while the others threw down their military cards and left. We recall that high

school graduates in Zagreb gave notice in public that they did not want to go into the JNA. Some even went to the Croatian Assembly, and the ministry has informed all opstina secretariats that for the present all draftees must go into the Army under the old regulations. In Croatia, there are also said to be quite a few recruits who did not want to return from leave and those who are deserting from the JNA. The ministry is also receiving reports that certain military units are getting rid of some of the Croat recruits because of their political views. For example, some members of the HDZ [Croatian Democratic Community] were sent home before the end of their period of military service on grounds that they were "unadaptable or undesirable," while others, when necessary, were sent on 10-day passes without advance notice.

It is becoming more and more a question, then, how many recruits from Croatia will in coming months go off to the JNA at all. The Defense Ministry has already received the decision of the SSNO [Federal Secretariat for National Defense] on the number of draftees to be sent in May, June, and July. Thus, 1,160 [recruits] are to be sent in May, and more than 7,000 draftees in June, which, they say in the ministry, is beyond Croatia's capability. About 27,000 soldiers from Croatia ought to be in the JNA at the moment, which is about 19 percent of the total number. For various reasons (discharges, desertions, and the like), this number is about 10 percent below that.

Spring Cleaning in the Military

It has been agreed that one out of every five soldiers from Croatia will serve in his own republic, which is somewhat more favorable than the 5.8 percent of last May, but, specialists estimate, it is still not enough. Especially

when we realize that that percentage is questionable because the JNA is moving soldiers more and more frequently for reasons of its own. Thus, many from Croatia are first sent to Croatia and then soon afterward to other republics where they complete their service. Just as a spring "housecleaning" of military equipment in the JNA seems to have begun. A look at the empty Bihac air base and the one at Brezovica, near Zagreb, compared to the sudden immense crowd of warplanes at Batajnica forces certain conclusions even on an observer who is not all that well informed. Large movements of military units and the movement of weapons and guns are under way right now, and although this is perhaps premature, we conclude that someone is taking fair pains to occupy the best possible negotiating positions in case of the inevitable (?) disassociation, which will affect the JNA as well.

The people in the Croatian Defense Ministry feel that a system of assessments should be introduced even now in paying the costs of the JNA. Thus, Croatia, if, say, it has only three cadets in the Naval Academy, would pay such-and-such a share of the costs, and if Serbia has 70 percent of the officer corps, then that is the amount it would pay. But it will all be clearer when the new republic Law on National Defense is ready.

And finally the possibility that the JNA will disintegrate in the near future is also proven by the increasingly frequent expression of disunity among its officers, including those at the highest level—from differences of opinion on how to treat the terrorists in Croatia to a silent conflict between the "Serb-Montenegrin army lobby" and the others. But the more the top military leadership stubbornly assures the public of its own unity, the more it is proving that this seeming unity is actually quite disrupted.

CZECHOSLOVAKIA

Agreement on Slovak-Russian Bank Signed

AU3005112491 Bratislava NARODNA OBRODA
in Slovak 25 May 91 p 2

[Text] Anton Vavro, Slovak deputy prime minister in charge of economic affairs, yesterday briefed journalists on the results of talks conducted by a Slovak government delegation in Moscow. The main item on the agenda of the talks was the search for solutions that would help eliminate obstacles to trade between Slovak and Soviet partners.

Neither the use of freely convertible currencies nor the indicative lists of goods have, unfortunately, helped our enterprises overcome the barrier to marketing their products in the Soviet Union. The program of stabilization in the USSR, which is marked by strict regulation of imports and by the promotion of exports to third markets, has curtailed the possibilities of mutual trade even more. The search for suitable suppliers or customers, and the delay in payments from insolvent partners would only bring our enterprises into an increasingly difficult situation.

The result of the talks therefore was the signing of an agreement on establishing the Russian-Slovak Bank, the functions of which will be to grant credits, clear accounts, and, most important of all, facilitate contacts. The bank's staff will be active in seeking out Soviet partners for mutually advantageous bilateral or multilateral transactions and the use of national currencies. Slovak enterprises are to participate in the establishment of the bank by subscribing to 300 million korunas' worth of its shares.

Extent of Price Regulation Reduced

AU3005121091 Prague HOSPODARSKE NOVINY
in Czech 27 May 91 p 8

[Excerpt] [passage omitted] The Federal Finance Ministry and the republic Finance Ministries have issued a decree—No. 08/91—which, as of 1 June, reduces the extent of price regulation in the following manner.

First and foremost, officially determined maximum prices for late crop potatoes from the 1990 harvest, pork, milk, and eggs sold to end consumers are abolished. However, for certain foodstuffs (apart from potatoes and eggs) a freer method of regulating prices (real price regulation) is being retained; this method consists of limiting the highest permissible prices on the basis of economically justified costs and reasonable profit. This involves items where the market has already been balanced on the basis of fixed prices and more significant price increases are not expected. For some types of foodstuffs—eggs, for example—seasonal demand increases play a positive role.

The maximum level of commercial surcharges on sales of cleansing and sanitary goods and on natural mineral

waters (real price regulation of these surcharges only applies to cotton wool, bandages, and mineral waters) is also being freed from regulation. Regulating prices for select items on the domestic market was introduced with the knowledge that it was a temporary measure and was intended to set right, in an exemplary manner, the extravagant ideas held by state and cooperative commercial enterprises about higher trade margins on a "world level" without, however, a similar quality being observed in the goods and services on offer. Regulation has contributed toward more specifically qualifying the so-called normal price level for commercial output; supervisory organs in instances when the businessman abuses his advantageous economic position to set inappropriately high prices will also allow for this.

Freeing existing price regulations by a form of real regulation will significantly affect select chemical products (raw salt, organic and inorganic chemical products, pure chemicals, and plastics) and leathers. A number of chemical products, kaolines, fired lining materials and roofing materials, plate, construction, and packaging glass, food industry products, orthopedic and prosthetic products, ophthalmological optics, and natural mineral waters are also being discharged from staggered price regulations applied in monopolistic and dominant enterprises with the aim of slowing down and staggering the first decisive inflationary impulse. Sufficiently strong restrictions on demand and, in a number of cases, significant competition from imports operate for all these types of goods. The generally applicable prohibition on abusing a privileged economic status to make an inappropriate capital gain by selling at an unreasonably high price (Article 2, Paragraph 3 of the law on prices) and fines for violating the law on protecting economic competition also play an indirect regulating function. [passage omitted]

HUNGARY

Demszky Aide Skeptical Regarding World Expo

91CH0535A Vienna DER STANDARD in German
28 Mar 91 p 23

[Article by Bela Greskovits: "Budapest: Visions and Facts"—first paragraph is DER STANDARD introduction]

[Text] In Vienna a decision was made recently whereby the on-again off-again cycle of arguments about Expo would be interrupted by a popular referendum. A final yes or no is expected from Hungary by the end of April or in early May. Bela Greskovits, one of Budapest Mayor Gabor Demsky's advisers, is among the skeptics. He believes that other forms of "intercity" cooperation show greater promise.

At the present time, almost all visions of the future—most of them unfortunately unrealistic—in Budapest focus on the preparations for Expo. In many people's

minds, 1995 has become a magical point in time—the endpoint of a final period during which all of the city's problems must be solved.

A Question of Relations and Risks

The entire traffic pattern of the capital is to be modernized and upgraded, with new highways, bridges, subways, new harbors on the Danube, as well as new or modernized airports and railroad terminals all around Budapest. A Hungarian Manhattan is to be built on the weed-covered Csepel island and on the far bank of the Danube—with steel and glass skyscrapers, a super deluxe technology park and gigantic communications facilities.

Budapest's murderously polluted air is to be considerably improved, the number of hotel beds and auditoriums greatly increased.

No one could seriously deny that all these things are lacking in Budapest. At the same time there is primarily a lack of money as well as experience, common sense, political and economic stability.

Budapest would need all of that just as urgently as it needs its visions, so as to put the latter into a balanced relationship with its realistic perspectives.

These are some of Budapest's realities: a permanent deficit budget of 70 billion Hungarian forints; added to this, the acute breakdowns and shortcomings in almost all civilian service areas, ranging from telephones to housing; thousands of homeless, hundreds of thousands of poor, and dangerous air pollution.

In addition, Budapest is the capital of a country which must deal with its severe economic and social problems with practically no financial reserves. That is why one cannot simply gloss over the lack of financial resources which are, in addition to the Expo grounds, indispensable for infrastructure investments.

Expensive Admission to the "House of Europe"

In Hungary's present situation, neither an extraordinary demand on the national budget nor foreign credit financing would appear to make sense or be economically reasonable. A third possibility, financing from foreign direct investments, could be advantageous; however, whether or not this is realistic cannot be determined at this time.

Misgivings as to whether the world exposition would not be much too expensive as "Budapest's price of admission into the House of Europe" must be taken very seriously in view of the risks mentioned above.

Another question would appear to be justified: would Budapest really have to renounce all its visions of the future without a world exposition? Is it true that, as is often claimed, without a world exposition the ongoing development of comprehensive cooperation and integration between Vienna and Budapest—not to mention the Berlin-Budapest axis—would be impaired?

On the contrary! However, the prevalent forms of cooperation and integration would have to undergo some changes. But it is high time for that anyway.

It is no coincidence, but rather a natural heritage of the traditional Austro-Hungarian cooperation model, that the rather lively relationships are still much more pronounced in the areas of politics, the state-owned and half-owned large enterprises and banks, than they are at the level of individuals, single small or medium-size enterprises, and the various small communities and municipalities.

A new model of true rapprochement and integration with Vienna and Berlin could work to Budapest's great advantage.

Such a rapprochement should not however be dominated by large joint state investments such as Nagymaros, nor by joint white propaganda elephants such as the world exposition, but rather by various forms of integration in the private sector in the true sense of the word.

The basis for this is already in existence. If Budapest, Vienna and Berlin would stop observing one another in the fun-house mirror of expensive gigantic luxury projects which one can afford but not the other, it would turn out that for all their differences these centers in the eastern part of the European space are quite similar in many respects.

Putting It to the Test

As peripheral cities, they have always attracted the shopping and trade tourism of their poorer neighbors, while at the same time serving as favored transit or final destinations for refugees. Are Vienna, Berlin, and Budapest once again turning into melting pots of people, cultures, legal and illegal activities in the forthcoming new East European migration of nations? Or will they lock their gates? Are they coordinating their attitudes among themselves? The answers to these questions will determine the true meaning of the frequently stated intention of "regaining the lost areas of influence." Budapest will of course pay close attention to the course taken by Vienna and Berlin.

It will do so not only because those other two cities have had much greater experience in dealing with huge numbers of new arrivals, but also because in this respect the attitude of one exerts a strong influence on the "sphere of influence" of the other.

[Box, p 23]

Bela Greskovits, Budapest economist, member of the Free Democratic Party (SZDSZ), is an adviser to Budapest Mayor Gabor Demsky on, among other things, Expo matters. The above article is a short version of a presentation recently made by Greskovits in Vienna during a preparatory meeting for the project "Vienna-Berlin: Central European Cultural Geography—Cities

and Regions," on which a mixed group of Vienna and Berlin scientists and journalists has been working since the end of last year.

POLAND

Rescheduling of Private Debt Burden Near

91EP0450B Frankfurt/Main FRANKFURTER ALLGEMEINE in German 23 Apr 91 p 13

[Article by K.B.: "Bonn Expects Private Debt Rescheduling for Poland: Exporters and Banks Remit Part of Claims; Finance Ministry's Plans"]

[Text] Bonn—For the first time, exporters and banks are now to forgive part of their claims in a rescheduling of state-guaranteed export credits. According to information obtained by the FRANKFURTER ALLGEMEINE, the Federal Ministry of Finance expects exporters and banks to forgive formally 50 percent of their claims, which as retention in export financing are not covered by the Hermes insurance in business transactions with Poland. In general 10 percent of the export credit constitutes the retention of the exporters and banks themselves. The share that is assumed as retention continues to be a claim relative to the debtor country if the amount guaranteed by the state is paid as a claim by the Hermes credit insurance.

The retention assumed by German trade and industry from exports to Poland is said to be almost 1 billion German marks [DM]. This amount also includes claims from missed interest payments. Trade and industry are strongly resisting the request of the Ministry of Finance finally to forgive half of the claims from its own retention. The reason given is not only the total amount involved. Trade and industry are also afraid that such a private debt forgiveness in connection with a rescheduling of credits guaranteed publicly and by the state could become a precedent. Bonn expects that it will be possible to conclude this fall the bilateral rescheduling negotiations between Poland and the FRG on the basis of the agreements now reached in Paris between the 17 Western creditor states in the Paris Club and Warsaw.

Poland's debts to the FRG from export credits covered by Hermes, including the DM1 billion of the exporters' and banks' retention, now amount to almost DM9 billion. This can be seen from the internal documents of the Bundestag Budget Committee which are available to the FRANKFURTER ALLGEMEINE. In the talks which were held in Paris on Sunday, the German side indicated that as a matter of priority a 50 percent reduction of debts (30 percent in 1991 and 20 percent in 1994) is to be granted on the current amount of debt. The overall agreement between the Paris Club and Poland consists of a mixture of debt reduction and interest forgiveness, and an especially long time for repayment with capitalization of interest. This third solution is especially provided for the financial relations between Poland and Japan. This "option menu," as it is called in

the Paris Club, is supposed to be of significant help to Poland in the transition from the former command economy to a social market economy. The rescheduling package now agreed upon means a total debt forgiveness of 50 percent of the present value.

Prior to this agreement the federal government already last November had forgiven a part of the debts from the billions in credit that had been granted by Federal Chancellor Helmut Schmidt; the remaining part was converted into zlotys. With this agreement of 1975, also called the Jumbo Credit, Poland was forgiven DM760 million in overdue payment obligations. The remaining DM570 million is to be transferred to a "Foundation for German-Polish Cooperation" to finance projects of common interest in Poland.

YUGOSLAVIA

Economic Programs of Serbian Opposition

91BA0762A Belgrade NIN in Serbo-Croatian
24 May 91 pp 36-38

[Article by Vesna Kostic: "Public Works"]

[Text] Fascinated at first by the draft and by the quotation from *Moby Dick*, as well as by the superficial and pleasing attempt to present a new image, the delegates of the Serbian Assembly greeted with applause the anticipated program of the Government of the Republic of Serbia. Following the subsequent reading of the rather thick (153 pages) little book (15 x 21 cm), the enthusiasm and some kind of pride were replaced by objections from all sides.

The opposition soon saw the dissatisfaction with the government program as a chance to offer the citizens of Serbia its own solutions more aggressively than up to now. Various ideas emerged, some of which were quite original—such as organizing an "economic rally." Dissatisfaction with the fact that foreign exchange may not be withdrawn from bank accounts was supposed to serve as the initial charge to bring out the masses to that rally, but the objective, in addition to popularizing the opposition, was for the "people to take possession" of the illiquid Serbian banks. One can even now imagine slogans in the style of "Red Band—give the people back their money."

A far more serious idea was certainly that of certain opposition parties for the united opposition to draw up a complete economic program. Advocates of this option feel that this approach could defeat the concept of the Serbian government by the force of argument and even bring down the government, but it would also show the people that the opposition is offering an economic model for the 21st century in keeping with the concept of "Europe '92." Shaken by the disagreements between parties and leaders, the united opposition has so far not reached agreement on such an approach (the story is being passed from hand to hand, for instance, that Vuk

said: "I am not going to draw up a program with Micunovic"). Nevertheless, there are quite a few reasons in favor of a joint campaign. The economic programs of the parties contain a considerable number of identical objectives, such as privatization of socially owned and state-owned property. A concentration of experts, who are now scattered among various parties, would yield a more complete, better founded, and more consistent program (all economists in the strict sense are not experts in all fields). And, of course, together they would be stronger.

Everything Private

One of the first parties that went on the offensive—in a press conference devoted to the economic program—is the SPO [Serbian Renewal Movement]. Its concept of public works, which the other major opposition parties do not have, is the main hope of the party in power, under the sponsorship of Kosta Mihajlovic, member of the academy.

In the SPO, that program was signed by Misa Milosavljevic, in whose conception public works should provide jobs for all of 595,000 persons, which is about 90 percent of those registered with employment security offices. They would build, according to Milosavljevic, 3,238 km of roads and 250 km of new railroad track and would modernize 520 km of existing track, they would build six new hydroplants on the Drina and one on the Morava. And then [they could build] the Bovan Hydroplant, the ninth and 10th power generating units at Djerdap, 4,000 new tourist facilities, 20,000 new stores, and 450,000 new housing units with an average size between 55 and 60 m².

The money would come from abroad (75 percent) and from within the country (25 percent). Milosavljevic says that there are "significant offers of well-known Serbian and foreign businessmen" of credit to finance this project. It is also the assessment that "at the same time, we have the efforts of strong world financial institutions to participate with a large amount of capital in specific public works projects which would be carried out over the next 10 years or so in our Serbia."

The certainty of any foreign investments whatsoever in Yugoslavia was not addressed, and the concept was discussed in general terms. Economists in the advanced countries abandoned the idea of public works several decades ago, because it was unable to solve the simultaneous decline of production and the high rate of inflation (so-called stagflation, which is also characteristic of our economy). The advanced countries decided to untie the knot of stagflation with new economic theories: monetaristic and supply-side economics.

The common denominator in the economic programs of most opposition parties is the attitude toward socially owned and state-owned property: The dominant view is to favor their privatization. Differences occur over the question of how to do this.

Explaining the position of the SPO, Dragan Vucinic said that that party takes as its point of departure the FEC [Federal Executive Council] idea of an agency for privatization. The SPO, he said, goes further than the federal government, because it spells out that idea in specific terms. The agency would be institutionalized at the level of Serbia and would have regional departments. It would be, to use Vucinic's words, "the highest-level scientific institution of Serbia and would be financed from the budget." The agency would stimulate privatization, but there would be no administrative coercion. If the workers do not want an enterprise to be privatized, it will not be privatized.

It is interesting that Vucinic feels that even the electric power industry and petroleum industry could be privatized.

On a Gratis Basis

Experts of the Democratic Party are working right now on a detailed elaboration of their economic program, and they do not want to talk about that for public consumption, Ivan Vujacic, member of that party, told NIN.

That party considers private ownership to be one of the basic foundations of a free, democratic, and prosperous society, so that privatization of the present socially owned sector is a priority task. The model of this party's privatization is very well known in the world as a theory, and even the International Monetary Fund is predisposed to it. The model is based on transferring most of the socially owned property to all adult citizens, and this would be done on a gratis basis. The transfer would take place in a short period of time, and the enterprises would be chosen, purchases would be accepted, and the process would be monitored by a government agency—the center for privatization. Once an enterprise was chosen for privatization, there would be a restriction on raising wages in it and a ban on alienating property.

Citizens would be given coupons with which they would purchase stock. Everyone would get the same nominal amount, and from the first day of their issuance, which would take three months, citizens would be able to make offers to the center as to how much they are ready to offer for the stock of a particular enterprise. During the privatization period, the coupons could be purchased and sold. Depending on the supply and demand for the stock of every enterprise, the center would establish the price of the stock, and those prices would be published once a week. Workers in enterprises being privatized could purchase 20 percent of the total stock at a 20-percent reduction from the equilibrium price. The entire process, the Democrats believe, could be completed in a year.

Prof. Zarko Ristic spoke to NIN on behalf of New Democracy—Movement for Serbia concerning his party's economic program; he feels that at the outset the actual model for privatization is not so important as setting forth tax policy and credit policy which are supposed to support it. (Professor Ristic is a specialist in

fiscal policy in the School of Economics at Belgrade University.) Incidentally, he personally is inclined to the idea of a free distribution of stock "as a reward for giving up socialism." Ristic says that New Democracy is preparing a program in which this party will demonstrate that the state can increase its revenues by reducing rather than increasing taxes, as the present government is now doing. He did not want to speak in detail about the program, because he said that the parties are stealing each other's ideas (including the party in power). New Democracy is an adherent of the concept of a joint opposition economic program.

We Do Not Need "Mac"

The economic policy of the SNO [Serbian National Renewal] is, quite in keeping with its overall policy, ethnic oriented. Ilija Gligorijevic, that party's economic expert, is traveling at the moment in the United States and Canada, where he is talking to the Serbs there about coming back home, for which the SNO is offering them \$750, because in these processes the Serbs have lost more as a nationality than others in Bosnia-Herzegovina, Croatia, and Macedonia. "If all the private property and church property in those regions is returned to the Serbs, they will be ours," they say in the SNO. One original solution put forth is that privatization must not allow the property to pass into the "hands of enemies of Serbia," although there is no insistence that its division be along purely ethnic lines. The people in the SNO warn that it is important to make sales exclusively on the basis of the personal identity card. Aside from "professional Macedonians, Croats, Ustashi, and Skipetars," their list of enemies of Serbia also includes Serbian traitors—high-level politicians. That is why, they feel here, we should avoid the principle of "liberal capitalism at any price," because it would threaten to take Serbs from one slavery to another. In that context, the SNO is opposed even to the entry of foreign capital into Serbia, because "no one is going to come to make us rich, but to multiply his own capital and sell us dirty technology." The SNO therefore feels that we have almost no need for foreign capital. The Serbs returning from abroad will not behave that way, because they have preserved their culture, customs, and tradition, and they have also learned how harmful are the dirty technologies. They would invest in certain projects only if they come to live with us, they say in the SNO. They also issued a particular warning about the danger of multinational companies, especially because of their influence on customs, culture, and the legacy:

"If we have 1,000 'MacDonalds,' if someone who comes here does not realize that he has come to Serbia, if we all have the same foreign cars, no one will know that he is in Serbia."

The SNO opposes everything that is multinational and international, which it sees as the danger for all of Eastern Europe—"for us all to go splashing into some unified Europe." Because the ethnic program is the

backbone of this party, the people in it feel that reprivatization should wait for this issue to be settled, and until then state-owned property is a good transitional and temporary solution, because the Serbian Government would be the owner of Serbian property.

"If someone comes to take it all away from us," the party's president Mirko Jovic says, "it does not matter whether the tax rate is minus 15 or plus 100 percent."

Only ministerial portfolios can be the test of each of these programs. The personal experience of those who have held those positions at the federal and republic level over the last 10 years sufficiently indicates how long and thorny the road is from the idea to execution. We might even guess that those are some of the reasons why a number of ministers in the present Serbian government have said that they keep their resignations ready in their briefcases.

FEC on Slovene Financial Obligations Proposal

91BA0759A Belgrade BORBA in Serbo-Croatian
22 May 91 p 5

[Unattributed article: "A Hearing on Property Is Something Else"]

[Text] Belgrade—In a meeting held 17 May, the Federal Executive Council [FEC], the FEC Secretariat for Information reports, took up the "Proposal of Principles To Govern Mutual Rights and Obligations Between the Republic of Slovenia and the Federation," which on 9 May 1991 Lojze Peterle, chairman of the Executive Council of the Assembly of the Republic of Slovenia, sent to FEC Chairman Ante Markovic and at the same time delivered to the executive councils, or governments, of all the republics.

The Executive Council of the Assembly of Slovenia, referring to the plebiscite on 23 December of last year to the effect that the Republic of Slovenia become a self-sufficient and independent state and to the need to clarify mutual rights and obligations with other republics and the Federation by 26 June 1991, proposed that principles be laid down to govern material rights and obligations, as follows: financial obligations and claims, delimitation of property, and other rights and obligations.

The Federal Executive Council, acting on the basis of its rights and duties as set down in the SFRY Constitution, points out that it has no power to regulate matters that would prejudice elements of the future arrangement of the Yugoslav community.

Regulation of future relations in the Yugoslav community is unquestionably a complicated and crucial joint task of all the federal units and federal bodies, which presupposes appropriate conditions and time for examination of ownership, property, and all other rights and obligations which have arisen over the lengthy period of time the Yugoslav community has functioned.

The recent adoption of legal arrangements concerning the Federal Treasury, as well as other solutions contained in the reform-oriented laws which the Federal Executive Council has proposed should serve that end.

The Federal Executive Council states once again that the functioning of the system and its vital functions in the transitional period must first be guaranteed before a final answer [can be given] on the future arrangement of the Yugoslav community. This also requires a precise determination of the overall financial statement of all rights and obligations, all assets and sources, especially because of the processes of the transformation of ownership relations which are under way, introduction of market relations for economic activity, and so on. Another reason why this procedure is extremely complicated and requires a lengthy period of time is that it covers not only the domain of property, but also a number of other domains related to Yugoslavia's international obligations.

It should be particularly borne in mind in this connection that over the more than 70 years of the life of Yugoslavia as a state these balance sheets have not been drawn up and the more comprehensive scientific examinations were done 15 years ago or earlier.

Proceeding on the basis of all that has been stated here, the Federal Executive Council believes that work should be done to ascertain mutual rights and obligations regardless of an agreement on the future arrangement of relations in Yugoslavia, because this is a prerequisite for implementing the principles of equality on which the Yugoslav community is based. However, performance of those tasks, which in their content and scope far exceed the demands contained in the proposal of the Executive Council of the Assembly of Slovenia, requires a longer time than that indicated in the proposal referred to, and a number of other economic and political prerequisites are also required.

The Federal Executive Council recollects that it previously expounded its position on the plebiscite and so informed the Executive Council and the Assembly of the Republic of Slovenia, and it has also expressed its view on this matter to the Constitutional Court of Yugoslavia.

Vojvodina Criticism of FEC Program Discussed

*91BA0754A Belgrade NEDELJNA BORBA
in Serbo-Croatian 25-26 May 91 p 3*

[Interview with Bozo Marendic, federal secretary for development, by Jasna Kesic; place and date not given: "The Perpetrator Becomes the Prosecutor"—first paragraph is NEDELJNA BORBA introduction]

[Text] In the last session of the Chamber of Republics and Provinces of the Yugoslav Assembly (16 May), the Vojvodina delegation, dissatisfied with the federal government's reform program and performance, moved that the Yugoslav parliament take a vote of confidence on the FEC [Federal Executive Council] and its chairman. The

views of the provincial assembly, which can be stated most briefly as dissatisfaction with anything the government does, was presented by delegate Miroslav Maric, and he was "backed up" in his assessments by Radoman Bezovic. This was the occasion for us to ask Bozo Marendic, member of the FEC and federal secretary for development, what he thinks about all these charges and whether they "hold water" at all?

[Marendic] A book would have to be written to answer all their criticism. But I can say that they contain quite a bit of misunderstanding of problems which are purely technical in nature. For example, they state certain facts about the decline of production, but they do not attempt to go into the reasons as to why this occurred. Had they done so, then they certainly would have had to observe that Yugoslavia has been in a crisis for 10 years now, that in that kind of crisis the social product was stagnant right up until 1988, that the decline of production began in 1989 and continued in 1990, that it has its own logic and tendencies, and that it is continuing this year as well.

They completely ignored the fact that in the second half of 1990 application of the FEC program was blocked and thwarted even deliberately, and that with blockades on payments, refusal to make payments to the federal budget, intentional breaches of financial discipline, a call for exceeding the limits on wages and government expenditures, and those obstructions came precisely from those same places. Breaches were also made in the monetary system, and then the political situation, the atmosphere of civil war and for those same reasons an attack on foreign exchange savings, and so on, and so forth.

Large Vojvodina Appetite

The objective reasons for the decline of production are to be found in the fact that for a long time we have been spending beyond our means, and expenditure still shows a real growth trend. It has grown above all at the expense of capital formation, and so when there was not enough, we took away from our assets, and now we are in a situation of 'eating up' depreciation. We long ago 'ate up' both the housing stock and roads and pension funds. In that situation, investment has been dropping off considerably because there was no source of financing, and then there was also a drop in demand for all those goods related to capital investment projects (machine manufacturing, construction services, etc.). This has an indirect impact on other branches as well.

[Kesic] The republics and provinces are the reason for this swollen expenditure. Vojvodina has been one of the leaders in increasing personal and public expenditure....

[Marendic] There are also a number of other objective factors in the decline of production. One is the decline of demand based on exports to the USSR and the other East European countries, and then to Iraq and the countries of North Africa. The objective factors are those which the republics themselves have created through their policy and their partial and short-term interests.

These are: segmentation of the market, interruption of financial flows, attacks on the monetary system, and the political situation. These are all factors which have an adverse impact on production, and, when all of this is taken together, the decline of production occurred independently and in spite of the desires of the FEC.

[Kesic] The Vojvodina delegation also had a number of other reproaches concerning the federal government's monetary policy, the financial rescue of the banks, the shattered market, the change in the ownership structure, foreign exchange policy, social welfare programs.... So that we do not actually "write a book," just tell us something about the "antiagricultural policy of the FEC."

[Marendic] When these reproaches of the FEC program in agriculture are analyzed, then the conclusion can be drawn that the Vojvodina Assembly is actually advocating the old nonmarket model of agricultural economics. It seems that for them the most important thing is to produce, while the cost of doing that is not important because the bill is to be paid by the state. In the reform program, we condemned that model as inappropriate, which, incidentally, it is for the entire rest of the economy as well. And we tried to adapt the economics of agriculture and the economic policy of farmers to the new system we are building through the reform in the shortest time possible.

A Maximum Was Done for Agriculture

Agriculture can, of course, never be given the same treatment as other sectors of the economy because it has its own characteristics, and any policy must take them into account. First, we are talking about food, and second, this is a production operation which has a lengthy technological cycle, in which there is a harvest once a year, but consumption throughout the year. Which means large inventories which someone has to finance. And then this is a production operation which carries a high risk. For all those reasons, the FEC has been trying to adapt its program to those characteristics.

If we take the entirety of policy, say, in 1990, we set aside immense resources so that we could guide agriculture in the direction that we thought was market-oriented and reform-oriented. In no previous year did agriculture ever receive more in various forms—through rebates, premiums, and so on—than last year. I could even say that agriculture was given more consideration and more was done than in any year since the war. However, we insisted on changing that old and unacceptable model, and the reform did get started, but it did not go to the end. In a way, one can understand that the resistance is great because agriculture does face large tasks, above all radical structural changes in its production. Agriculture must become an exporting sector, and to do that it must draw up specific export programs. The orientation toward the usual grain crops cannot yield adequate income because world grain production is such that we are too expensive. That program, then, must be cut back,

and specific export programs bolstered. All of our measures are aimed in precisely that direction.

[Kesic] How, in your opinion, would application of the Nichols Amendment discontinuing American aid have affected this already unenviable economic situation in the country?

[Marendic] Our crisis would certainly have lasted longer than otherwise, and we would have felt great difficulties and consequences, especially in the first phase. After all, that amendment does not imply only halting economic aid from the United States, which is insignificant, but withdrawal of American support in international institutions. And U.S. influence on the decisions of international institutions is great because America is large and its participation is large, and thereby its rights in management are also large. That would have cost us dearly, especially now when we must turn in the direction of invigorating production and development. The trouble is that it probably would have been very difficult for us to conclude an arrangement with the IMF, and world financial rules are such that unless there is an appropriate arrangement with and an appropriate guarantee from the IMF, then entry on the world capital market is frustrated or very restricted. And that would signify interruption of a number of arrangements which we have with the World Bank and other international institutions and loss of the credit we count on as an important factor in our development.

The Damage Is Incalculable

We should also bear in mind that American capital, their banks and businessmen, many of whom are showing an interest in investing in Yugoslavia, would not be forthcoming or would be considerably reduced. This would also have an impact on European capital and European business.

[Kesic] Are there at least approximate calculations of how many billions of dollars could remain outside the borders of Yugoslavia because of the effect of that amendment?

[Marendic] That is difficult to say, but the order of magnitude is four, five, and perhaps even more billions of dollars over this year and next. But it is almost impossible to calculate those consequences which are not covered by the arrangement with the IMF, but are a matter of private decisions, of business.

The FEC had in mind halting the declining trend of production with the help of foreign credits this year, and in 1992 beginning a new upward swing of development. But without that money from abroad we can expect the decline of production to be greater than now and, of course, a prolonging of the crisis.

[Kesic] Are you an optimist; in other words, in economic terms, how do you see Yugoslavia up to the end of this year?

[Marendic] I still hope that that amendment will not be invoked, that we will persuade Mr. Baker that there are no grounds for invoking it. Then we will again go back to the FEC program for this year, and here I have less belief that we will manage to do everything we would like and which we propose. It is not going easily, and it will not go easily, but still something will get done, especially with respect to the conditions—so that economic chaos does

not take over in the country. Which is what would happen if present trends continue. I nevertheless think that we will reach agreement and that we will be disciplined both in monetary policy and in payments. I believe that we will be a more law-governed state than we are now, that we will somehow agree on the federal budget. Accordingly, I have some optimism. Not too much, but some.