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# ***JPRS Report***

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# **East Europe**

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# East Europe

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## INTRABLOC AFFAIRS

### East European Profiteers Find Haven in Budapest

90EB0009A Zagreb *START* in Serbo-Croatian  
5 Aug 89 pp 27-28

[Article by Marko Pejanovic: "Johnny on the Budapest Docks"]

[Text] The last hours of the June evening are slipping away. I close the taxi door with a slow movement and try to be cool-headed. Yes. The smile for the benefit of the uniformed doorman was more like some grimace from a local salamander. But that was not important.

The essential thing was what was supposed to happen.

In the lobby of the luxurious "Buda-Penta" Hotel in Budapest, I conceal my nervousness by hiding my hands in my pockets. Everyone seemed to be looking at me. I kept on walking, since they said they would know me better than I would them. I do not know why, but Yugoslavs immediately recognize Yugoslavs.

At least that is what they say.

Half of the people in the lobby were crowded around the bar, and the other half were chatting. Like in a Paris subway station. I felt for an instant an irresistible desire to run. Anywhere. However, I was restrained by the hand of the friend who had served as the link between me and them, between ours and theirs.

Wait a bit, he said.

My friend's gaze scanned leftward, then rightward.

A murmur.

My confused smile.

There seemed to be everything there.

Of course, no scene is good enough unless we have something positive and something negative.

The man at the bar turns suddenly and disappears in the crowd.

I realized that the contact had been waiting.

My friend beckoned to me and I started after a broad-shouldered man with a red sweater knotted around his neck. Somehow that red color seems different here.

They say that East and West must meet someday. Sad that that will never happen with us, we continue walking. The contact and I. Without shaking hands, the contact greets me and shows me the table where I should sit. I sat there in a corner of the lobby amid some tropical vegetation for some 10 minutes or so, expecting all the while that someone would appear. Nor had hope abandoned me when I saw the lad with the red sweater sit down nonchalantly at a table nearby.

Then he also arrived.

The inevitable exchange of a smile, and we begin to talk as we sit down.

"Call me Johnny," he said.

"Johnny?"

"Yes!"

"Fine."

He called the waiter and ordered two vodkas.

"Johnny, tell me something about yourself, this is something that always has to be asked at the beginning to get the conversation going. How long have you been in Budapest?"

"How long have I been in Budapest? That is a long story."

We raised our glasses and drank them off.

"We have plenty of time, it is a long night, and we can talk as much as you like."

"I trust you, since they have guaranteed you, but I have never spoken to anyone about myself, my life, the things I am concerned with, and the way I make my living."

Again we raised our glasses and drank them off.

"So, here it is. I am a Yugoslav, an Albanian from Pristina. Nothing ever turned out right for me. I struggled along just like everyone I knew was struggling. I did all kinds of things."

"What do you mean by all kinds of things?"

"Everything that can be done by one of six children, in a street where not a single house had fewer than five children. I won't talk about that! You know, life is a story that's hard to tell. Hard, because every time you tell it, you weigh and measure things once again in your head, and that is not good. I was born in Pristina 27 years ago, and as far back as I can remember I have been fighting just to survive with nothing but my two hands. I think I have spent more time hungry than not. That is terrible. Many people do not suspect what life is like in Kosovo. All those things they say have little connection with the truth. It is like after a good lunch when a man thinks about how he ought to go on a diet. The man who has enough to eat does not remember the man who is hungry."

"Does everyone live like that in Kosovo?"

"By and large. I do not want to underestimate anyone, but the conditions for normal life are below any minimum. I do not know why they go on talking in Yugoslavia about some kind of equality when they know very well what life is like in Kosovo and what it is like in the other parts of the country. Of course, even we have

exceptions, but such exceptions are commonplace in Slovenia, Croatia, and Serbia."

"You always say: we and they. Is it really that way?"

"Absolutely. I have seen over and over again that people look down on Albanians in Yugoslavia, but no one says anything about that either. You have to feel it on your own skin. Otherwise, it doesn't count."

"When did you leave Yugoslavia?"

"I have been out of the country for 10 years now. With brief interruptions, of course, when I would go back. I have lived in six or seven countries in that time."

"How long have you been in Budapest?"

"I have been living here for 5 years now. I am doing well. I have set myself up, and I am happy."

"What are you referring to when you say you have set yourself up, what is it that you do?"

"Here, everyone has a business with which he makes his living. Anyone who says that there is no business is lying. I know exactly who all the Yugoslavs in Budapest are and what they are involved in. You learn that very quickly. It does not pay to step on someone else's foot."

"Do the Yugoslavs in Budapest get along, are there conflicts?"

"No. Mainly not. We Albanians have our own rules. There are also a few Montenegrins here, but we get along well, if it can be put that way. We do our thing, and they do theirs."

"What is your thing, and what is theirs?"

"Ha, ha, ha.... We agreed that there were some things I could not speak to you about. That is my business, if I were to tell you that, and you put it in the papers, then it would no longer be any business at all."

"Fine. Tell me how you come to be called Johnny? Is that the name by which you are otherwise known, or did you think it up just for us?"

"No! I have been called that since boyhood. It all began because of Tarzan. Yes, yes, it was a film about Tarzan. Since I did not have the money to get into the movie, I went across the roof and through the corridor to the auditorium. I would repeat the same thing every day, and every time I would be astonished all over again to hear Tarzan's call. The kids soon began to call me Johnny...."

"Is it just owing to the circumstances, or have you done something to earn it?"

"You might say I have. I have been in business, in operation, a very long time. I have lived in Bulgaria, Romania, Austria, Poland, and Czechoslovakia, and I have spent the last 5 years in Budapest. This is where I get along best. I have set myself up. I have lucrative deals

which I do, my own people. The Hungarians are a civilized people, and this is a civilized country."

"From your viewpoint, what is it like in our country, in Yugoslavia?"

"I do not have my niche. I do not have my niche in Yugoslavia, and I never did have. I became aware of all that back some 10 years ago or more. Life drove me to begin to think on my feet, to bite when I get bitten, to strike when I am struck. In a game, you have to be fair, but you also have to hit first when the time comes. You can't let them run over you. I learned that back in grade school, where they taught us things which I did not understand. Of course, there were those who mastered it better than I did. I learned and mastered something else. The streets taught me to think faster and differently from those who concern themselves with ideology, although today it is all changed, in the streets of Kosovo today there are more ideologues than there are people like me."

"Is that a good thing?"

"It depends on who you are and where you are coming from. Today, all those good students are leaving the school and going into the streets of the cities in Kosovo, and the rest go out after them. It used to be different. At one time, it was only the people like me who caused the problems, and the good students would work hard at their studies. Now, they are demonstrating what they have learned. Probably I skipped those classes because politics never interested me for its own sake. Politics is like a dead cow which no one can milk. I only finished grade school, but I have graduated from life's university. I have a master's degree and doctorate in all the business done on the street. Today, it is difficult to get the better of me."

"How did you get into all that? You must have started somewhere."

"Certainly. I started out just like the others who were my friends from Pristina. First, smuggling, Trieste, Vienna, Germany, blue jeans, T-shirts, watches. Then, from one thing to another. Today, I am here, and when I look around I am happy with what I have done. I probably could have done better, but also worse. So, you see, 7 years ago I went to Czechoslovakia to try to do something. I was young, and you learn by experience, and I was done for in just 10 days. I got busted. Not for anything much, but I realized that it had to be that way. I spent a year in pretrial custody, which I would not wish on anyone. There is no one there, neither lawyer nor friend nor consul. Alone, abandoned, in a country whose language you do not know. Horrible! One hundred and six days in isolation. Believe me, Czech prisons are horrifying. The guards are not human beings. If you have money, you don't need anything else. But what did I have, a little Skipetar? Nothing! My own two hands and solitude. All I had left was to go over things in my mind."

"And to what did your reflection bring you?"

"I arrived at a life in which today I can take pleasure. I learned to look out for myself, not to go off half-cocked, to do only what I was certain would turn out well. It has nothing to do with politics, demonstrations, the irreverent, it is just business that brings in money. I have a house in Budim. Not mine, of course, since foreign nationals cannot own real estate in Hungary. I drive a Hungarian car, and things are fine. I would like to marry a Hungarian and stay here."

"And Yugoslavia?"

"Yugoslavia.... It is all very well when we talk about it from here, in Budapest, in this fine hotel full of Austrians, French, and Germans. None of them have any Balkan blood, which is why they are so dead and pale. Look at them. They are sterile, they lack heart, they lack soul. I am sorry that things are happening the way they are in Yugoslavia. Deep down I am nevertheless a Yugoslav. Although that state never offered me anything. It never gave me a single chance. I had no job, I had no education, I had no upbringing, I was condemned to go to ruin, to become a toy in someone's hands, and I did not want that. I thought that I could do something in spite of everything. I did not steal, I did not kill, I did business."

"Does that mean that in spite of everything happening in Yugoslavia, in Kosovo, in Pristina, you are not interested in politics? You are not interested in what your former comrades are doing, and you do not follow it?"

"No, I have already told you that, but I will repeat it, for me politics is not a business, it is not something that I can have in my hands and from which I can make money. People do politics who are not able to do anything more intelligent."

"Perhaps you send money to someone in Kosovo?"

"I send money to my people, to my family, who are having a very hard time, and I do not know how they would live without me."

"What do they do with the money?"

"Well, probably they buy bread, meat, and they pay the light bill.... All the events and upheavals in Yugoslavia are carried on the front page of newspapers in Hungary, so that we learn everything very quickly. It makes me sad to be a Yugoslav at such moments, since the state and the system have ruined my country. I will never forget an event from the time when the 'Agrokomerc' scandal broke out, when a waiter in a cafe laughed out loud in my face when I said I was a Yugoslav and he asked me whether I was not perhaps that Fikret Abdic. Things like that stick in your mind."

"Did you ever attempt to do anything in Yugoslavia, to change, to become, say, a member of the party, to become a Communist and get something done that way?"

"...At the time when something like that still could have happened, the party was not interested in people like me. No one needed us. Where have you ever heard of a state that was interested in good-for-nothings? I never felt any humanity. Not even when in school they would distribute the shoes and clothing which the Red Cross had collected, I felt nothing except shame and humiliation. I was ashamed to look at my face in the mirror, and I was always sorry that I had been born at all. It is humiliating in Yugoslavia when you go somewhere outside of Kosovo and you say that you are an Albanian. A Skiptar. You are a second-class citizen. Everyone looks at you with pity and repulsion, as though you had just climbed down out of a tree or came from I don't know where. There is no reason to wonder at what has been happening in Kosovo, since people had enough and simply boiled over. They have all had enough of everything. On both sides. I do not approve, but I understand them."

At that point, two young men came up to us in lister suits. They talked to Johnny for a few minutes in Albanian and went away. I watched the lads who were posted outside while Johnny ordered another two vodkas. That was the only reliable way for us to relax and talk as friends about everything that interested me. But Johnny was holding back.

"Johnny, the boys are elegant and obedient from what I can see, and they seem to have an extremely high opinion of you...."

"...There are many such questions, and I am not able to give you enough answers. Let us just say that I have found certain new lines of business, and I took over and ran those good old ones better than other people. That is the secret. If you are better, and if you stand out, then they will soon put you in jail, but if in addition you also have luck, then everyone does what you say. You see that lad over there who waited for you, let us call him Andrzej, since he has been living with a Polish woman for 3 years now. He is 11 years older than I am, and therefore longer in business, and today he is my right-hand man, not I his. No questions are asked about such things, that is the way it goes. Andrzej is from Kosovska Mitrovica, today called Titova Mitrovica, he speaks six languages plus Serbian and Albanian. He is a very capable man who has traveled up and down all of Europe, he has been in America, but today he is missing something. Or perhaps when people reach that age, they have simply had enough of everything. I do not push him, but I feel that he has had enough of everything. He can't go on anymore. He has had enough of agreements and tacit understandings with the police, the Arabs, the Poles.... It is all a big game, just like everything in life. He wants to get out of the business, he wants to go back to his own Kosovska Mitrovica, and to start, as they say, some fine business, to open a little cafe, a boutique, to get married and have children. But it is not so easy to drop things and start things, but that worm is still eating away at his mind, and one day it will destroy him. I am top dog because nothing yet is eating at me."

"Doesn't it seem to you that perhaps Andrzej has just gotten tired and wants to change something in his life?"

"Possibly. For a long time, he was carried away with the idea that he might work in the tourist industry in Yugoslavia since he speaks six languages and has graduated from high school, but it all fell through even before anything had even happened. And I was saying even at that time that no one is going to let an Albanian work in the tourist industry. That is reserved for other people. We are only supposed to do the dirty work, the jobs that any normal person is ashamed of."

"A few minutes ago, you mentioned relations with the police, the Arabs, the Poles.... What are the Hungarian police like?"

"Very fair. They do not chase us, we do not provoke them, we play strictly by the rules. We are not like the Arabs and the Poles."

"Who are they?"

"The Arabs are very dangerous. They stop at nothing. They do all the rackets, but most of all those which bring in the most money: drugs, prostitution, and also arms. They are like leeches, once they get in, they never leave. They have plenty of money, and they do big deals."

"And the Poles?"

"The Poles are small fry, but they bother everyone, since they meddle in everything. They just come and nibble and go away. They are unable to take a bigger bite, to break off a piece, even though recently they have gotten fairly well organized. But we do not give up what is ours so easily. It is a fact that our position here in Budapest has been greatly shaken by the arrival of the Poles. They are persistent, just like the Arabs, and they stop at nothing."

"In other words, in that entire game of business there is a struggle, a fierce struggle, for prestige and money?"

"Right. Although the unwritten rules are respected, at least as far as we are concerned. We never touch anyone, we respect everyone, but we also want to be respected. At Keleti Udvar Palya (the eastern railroad station), everyone knows exactly whose men stand where. The Arabs, the Poles, and we."

"Yesterday in the Vaci Utca (Vaci Street—the very center of the city, where there is no vehicular traffic), I witnessed a very troubling scene: some dozen Arabs beat up three young men. It all happened lightning fast, it lasted about 2 or 3 minutes, and then they disappeared. The ones who were beaten up were left lying there."

"Yes. I know all about that. The Arabs were giving a short lecture in their own style to the Poles, who had indulged themselves too much and gone too far. That is a confirmation of my story about them and us. Even here, the street dictates its own laws which have to be respected."

"Aren't you afraid sometimes of everything happening around you, and in certain rare moments don't you come to wonder whether it all makes any kind of sense?"

"It all depends on how you look at things. It depends on whether you are a passive participant in events or influence them in some way. So long as I control the situation, I am not afraid of anything."

"How is a living to be made here? What are these lines of business that bring you money?"

"Hmmm...again questions which I am not supposed to answer for you."

"Why? Tell me as much as you can."

"Fine. These are lines of business which the Yugoslavs in eastern Europe are mainly concerned with. Just as states are divided, so these businesses are divided into eastern and western. These are entire fields of science whose secrets you can manage to penetrate in time. Or perhaps never. Certainly, the basic thing is the trade in currencies, which has been falling off for us recently because of the Poles."

"Will that shut you down?"

"There is no question of that at all. We Albanians do not give up easily. We feel the competition, but after all it is harder for them than for us, since we have been at it longer, and we are also differently organized."

"How?"

"With us, there is no giving in until the word is given, no deception, no betrayal, and that is how it is."

"What else are you involved in?"

"Importing and selling western motors, automobiles, trucks, and even buses. So long as it is up to me, we will not get into those big things like drugs, blackmail, prostitution, or politics. Let the Arabs do that. We like to work with the Hungarians, since they are very refined, and they also like to do business with us. We are not like the Poles, who in exchanging currencies and counting the money cheat every time. We have a reputation for maximum trustworthiness and of being very honest, if that term can be used in all of this. Except at some points the Poles have also been known to mess up our deals. For example, we think up some new business and get into it, and all of a sudden there are the Poles. Eh, Polish brothers, that is not good, not good at all."

"What is your average daily take in the currency trade?"

"Well, it depends. If it is a good day, not a great day, but a good day, you can do pretty well. This is no great secret, since everyone sees what the traffic of Western tourists is here in Budapest. We will never have that in Yugoslavia."

"How much per day?"

"Well, about 40,000-50,000 forints. That is about 1 billion old dinars, if I am not mistaken."

"And then what do you do with that money?"

"There are immense costs in the whole game, there are quite a few people, but in any case something is left. Until the Poles turned up, that amount was threefold greater. But then things are never what we would like them to be."

"What do you do with the money that is left?"

"I mainly spend it. I invest some in new deals, some I send home, and I live off the rest."

"How does the changing of currencies work? Where is it done? Who is it sold to afterward?"

"You see, as soon as an Austrian or German or any other bus arrives from the west, and there are a great many of them, the boys go up to or go into it and in 10 minutes change an amount that would take at least 1.5 hours in a bank."

"How much per bus?"

"The foreigner will rarely change less than 100 marks, some will even change a great deal more, but if you multiply 100 by the 50 people in the bus, you arrive at a fair sum. Then we turn around and sell that to Hungarians at a somewhat higher price, and so there is a big profit and fast turnover."

"And the deal with the automobiles?"

"You surely know about that, this is an old standby. Germany, and recently Holland and Sweden, the numbers of motors and chassis, imports and sales, and all over again. The Hungarians have a law which took effect on 1 January of this year under which used foreign cars can be imported at a duty of only 10 percent. And so we are here to speed up all that and make it easier. We operate like a kind of service. In the end, it is good all the way around. That is why I told you that the Hungarians are very refined, very proper, and I like to work with them."

"How much do you earn in that business?"

"That I would not be able to say, since the amounts, when you add them up, are enough to make your head swim. But here again, the costs are high and they eat up the earnings. I think I have told you enough about my business, I can't tell you any more. Anything I told you beyond that would be harmful to me, and perhaps I should not even have told you that much. Perhaps we will meet again somewhere, and then, if opportunity allows, we can take up where we left off. Of course, I cannot guarantee you anything, since the situation is constantly changing. Just like the weather. A bit of rain, then sun, and so on, just the way life is."

I nodded in understanding.

We raised our glasses again and emptied them.

The man with the red sweater around his neck came up to the table and whispered something to Johnny.

He also just nodded his head.

Again, we were left alone and I realized that the time for our interview had run out, that each of us should go off to do his own thing. Exactly that.

As he got up from the table, he asked me:

"I hear that things are great in Kosovo, tanks and soldiers."

I shrugged my shoulders and said nothing more.

As I went off in my direction, I saw the Budapest night through the glass wall of the hotel, a night that strangely was not red.

## HUNGARY

### Journalists Demand MSZMP Relinquish Control of Provincial Press

25000478 Budapest *MAGYAR NEMZET* in Hungarian 6 Sep 89 p 5

[Article by Sandor Egri: "The Editorial Boards Could Be Shaken Up; Change of Ownership at the County Papers"]

[Text] It can be stated without exaggeration that ever since the 9 August meeting of the Journalists' Association, the press of the counties has been in turmoil. As is well known, the counties' dailies are controlled by the MSZMP [Hungarian Socialist Workers Party] county committees.

The Presidium of the National Association of Hungarian Journalists (MUOSZ) proposed that "during the present transition period only the county council should act as publisher and sponsor of these organs, maintaining suitable societal control and ascertaining equal chances for everyone who will run in the coming elections."

### Let Us Be Independent!

Whether in the capital city or in the countryside, the MSZMP is completely opposed to these changes, and made this a matter of public record. Since the MUOSZ position was announced, the journalists of the countryside have also made their views known. Those from Komarom County propose that every county paper and publishing firm become independent. Those from Tolna County disagree with the position taken by the MUOSZ Presidium, and called on the latter to withdraw their statement. They worry that the press of the countryside could be fragmented, chaos would prevail in publishing done outside the capital city, and the editorial boards would lose their unity. They condemn the Presidium's methods because, they claim, it ignored the journalists of

the countryside in "deciding their fate." Journalists from Szabolcs-Szatmar and Szolnok counties concurred with the rebuttal issued by their colleagues from Tolna.

We cite Miklos D. Szabo, secretary of the MUOSZ Szolnok County division: "We canvassed 21 of our 30 journalists and found only one who agreed with the MUOSZ statement. Twenty of our colleagues thought that as long as we are making changes, we should not change who controls us, but rather should become entirely independent. True, it is difficult to imagine full independence; still, that is what we would prefer. We are not afraid of the marketplace, or of the readers' judgement; after all, our publication not only supports itself, but earns millions of forints of profit, which ends up in the MSZMP's coffers via the fees we pay to the MUOSZ. (Of the 18 county publishers, 3 are chronically in the red and are subsidized by the Newspaper Publishing Enterprise. The rest, on the other hand, are profitable, and Miklos D. Szabo is referring to them.

According to Eva Paulina, democracy can only be guaranteed by the independence of county papers. Her earlier negative experiences prompt her to say that a change in ownership would not exclude the threat of direct interference from above.

[Paulina] "How will we be able to criticize the work of the county council if we are controlled by it? If we come under the council's supervision during the period of transition, what will happen after the election? Will we end once again as prey to the winners? Will we be forced to limit ourselves to voicing their views? If this were the case, the opposition would still remain at a disadvantage! At the same time, the county editorial board would be shaken up by the reorganization occurring after each change of leadership. I also have another worry: The county's publishing house is profitable at the moment, and will probably remain so in the future. Which controlling organization is likely to allow us to hold onto this profit, so that we can pay decent salaries to journalists or assist young colleagues in obtaining dwellings?"

#### Back to Traditions

Jozsef Ballai, assistant editor in chief of the PETOFI NEPE, the county daily published in Kecskemet, says:

"When I consider the future, the only solution I can think of is for a county paper to belong to the organ that is the local representative of state power established under constitutional circumstances. And, of course, this is the local council. In any event, when the county papers were founded in 1950, their mission was not visualized as the shaping of political opinion, but rather the dissemination of local information. Of course, today the situation has changed; but the county papers must still perform this basic task before becoming involved in politics."

In mid-August, Debrecen's HAJDU-BIHARI NAPLO changed. The paper is no longer called "the organ of the

county MSZMP," but simply a "political daily." However, it is still controlled by the county's party committee.

"Was the name change a result of the resolution issued by the MUOSZ Presidium?" I asked Dr Jozsef Benyai, member of the paper's publishing board.

[Benyai] "No, it is connected to previous opportunities and decisions. As early as mid-summer, the Politburo opened the door to changes, and we took advantage of that opening. As for the reason, our paper first appeared like this on November 15, 1944, so we simply revived our traditions."

[MAGYAR NEMZET] "How do you feel about the protests evoked by the MUOSZ Presidium's resolution, and the demands made that their statement concerning the county papers be revoked?"

[Benyai] "I doubt if our presidium would revoke its resolution during its meeting on 6 September. However, the topic is certain to come up. I find it difficult to conceptualize how the dailies, and especially the publishing houses, of the counties could become independent overnight. After all, someone must organize enterprises, economic structures for these publishing endeavors. If this is not done by the party, then obviously it will have to be done by the state. At any rate, we must find an organizational form that creates the conditions under which the county papers, as the only press organs compiled in the counties, guarantee an equality of chances during the coming elections."

[MAGYAR NEMZET] "Hearing the protests, according to several experts it is quite clear that some of the most reactionary elements of Hungarian journalism are hiding in the county dailies. Is this true?"

[Benyai] "No! In my view the county papers are fresher and closer to life (because they are closer to everyday reality) than, let us say, the national dailies. I do not mean to say this as a judgement or a categorical statement. I simply feel that the journalists of the counties live closer to local events and, gradually, they are learning to present them in a realistic light."

#### To Prevent the Creation of MSZMP Inc., Ltd.

According to Andras Varhelyi, who is also a member of the MUOSZ Presidium, the protesters misunderstood the Presidium's intentions.

[Varhelyi] "The resolution is not a directive, or even a suggestion! We do not have, and never had, any desire to take actions over and above the heads of the county dailies, our colleagues in the countryside. On the contrary, we wished to protect those of our colleagues who felt reluctant to continue working at the MSZMP's county papers. Our resolution was guided by good intentions. For myself, of course, I would agree with the independence oriented efforts of the county papers, if their goals were so easy to realize! At the same time, I do

not believe that anyone would seriously propose that the editorial boards of the county papers work for an 'MSZMP Inc., Ltd.' while loudly proclaiming their independence. I am quite certain that we will talk about the counties' editorial boards during our presidium meeting this coming Wednesday. If no one else will raise the issue, I will do it myself. At the same time, I am convinced that if our presidium were to revoke its 9 August resolution, it would harm the county papers and our colleague working for the provincial press."

In view of the overheated circumstances, it would not be fortunate to give advice to either side. Sooner or later, however, the issue must undergo some serious evaluation. Simultaneously with the national roundtable discussions local discussions are also taking place, usually at the county level, which will also make decisions concerning the local aspects of openness. By doing this we may avoid future confusion, or appearances that decisions concerning the county papers were made arbitrarily by the central organs (the MSZMP, the Council of Ministers, the national roundtable discussions or the MUOSZ Presidium.) Sooner or later, the political forces formed in the countryside will have to claim their own shares of local publicity. Of course, the potential always exists that the journalists themselves will announce what direction or party they wish to serve in the future.

#### State Security Official Repudiates Secrecy, Abuses

90EG0018A Budapest MAGYAR HIRLAP in  
Hungarian 5 Oct 89 p 4

[Interview with Police Colonel Tibor Agoston, Interior Ministry Technical Group chief, by Peter Balla: "We Have Abandoned the Concept of Total State Security;" date and place of interview not given; first paragraph is MAGYAR NEMZET introduction]

[Text] During the latest session of the National Assembly, in the debate on amending the Code of Criminal Procedure, Deputy Jeno Horvath proposed that henceforth only legally obtained evidence be admissible in criminal proceedings. Even though this proposal has not been incorporated into the new statute, the very fact that this question was raised at all clearly reflects the legal profession's widespread aversion to evidence obtained by so-called covert means. We interviewed the person best qualified to tell us about the seemingly evergreen topic of wiretapping and mail interception: Police Colonel Tibor Agoston, chief of the Technical Group.

#### Post Office Lacks Authority

[MAGYAR HIRLAP] Law Decree No 17/1974 on State Security and Public Order, the statute regulating the operations of State Security, was promulgated 15 years ago, but the series of ministry directives and orders issued in the intervening years to supplement it were kept secret. Up to now State Security's organization has

not been a topic for public discussion. Hence our question: What actually are the duties of the Technical Group?

[Agoston] Over and above their intellectual and manual capacities, security services everywhere in the world also need certain technical aids for their work. As the products of the competition between opposing secret services, these technical aids conform in the best case to the leading edge of engineering and technology in a given period. To some extent this involves a battle of sciences, for instance not only electronics but also chemistry. The Technical Group essentially provides the technical and technological conditions for the proper operation of the other specialized services (Domestic Intelligence, Foreign Intelligence, and Military Counterintelligence).

[MAGYAR HIRLAP] Wiretapping and mail interception are perhaps the best known among the methods that secret services employ. Has the Post Office played any role in this in the past, and does it have such a role now?

[Agoston] The Post Office is generally accused of "complicity." If an order is obtained for a telephone tap in France, for instance, then it is undeniably the French Post Office that carries out the order. In our country, the State Security Service has exclusive authority to tap phones. Likewise in cases of mail interception, the much maligned Post Office cannot act arbitrarily.

[MAGYAR HIRLAP] According to the official statistics for 1988, exactly 1,243 million telephone calls were made in Hungary, and 529 million letters were delivered that year. In relation to these figures, how many telephone calls were tapped and how many letters were opened?

[Agoston] This question begs for an exact answer. I could provide it but am not allowed to. Concerning the number of telephone taps, their order of magnitude is proportional to the number of crimes against the state tried each year. (In all, 17 such crimes were uncovered in 1988. Editor.) The same applies to mail interception. There are several reasons for the relatively low numbers. The basic reason—and this should be emphasized—is that we have abandoned the concept of total state security work. It is also undeniable that—given this volume of mail and telephone calls, and taking the costs into consideration—we have to concentrate on successfully completing the tasks that have high priority. We employ covert devices only when there is a remote, yet specific and tangible, threat to the Hungarian state's security. The proportions discussed above do not apply to so-called common crimes. In that area we see a certain shift of the proportions, in favor of common crimes. The point is that we are using covert methods increasingly to uncover organized crime and drug-trafficking; the deeper conspiracy behind such activities and their illegality unquestionably warrant the use of covert methods. In such cases the Criminal Investigation Service is the "customer."

[MAGYAR HIRLAP] You mentioned that telephones may be tapped only in accordance with strictly circumscribed internal regulations. Is it possible to routinely listen in on telephone calls, without recording the conversation?

[Agoston] Technically that is something not only we, but also the Post Office can do. However, the same legal restrictions apply to listening in on telephone calls as to recording them. Such "circumvention" of the law is strictly prohibited.

#### Relinquishing Additional Tasks

[MAGYAR HIRLAP] According to the data made public about the Interior Ministry's budget, the ministry's estimated total expenditure is about 22 billion forints a year. How much of that total does the Technical Group get, and to whom do you account for it?

[Agoston] Here again, I am not allowed to reveal the exact figures. In real terms the Technical Group's annual allocation has been stagnating for years. We have had to relinquish several tasks, and the proportion of manual labor has increased. Notwithstanding the need to economize, it must be pointed out that the lag in this area harbors grave dangers. Regrettably, abandonment of the concept of total state security work has not produced significant savings, because the quantitative curtailment has not been able to offset the higher costs of qualitative change. The procurement costs of modern devices have skyrocketed. We had to abandon attempts to build all such equipment ourselves long ago. We order everything possible from outside manufacturers and research institutes, and only the implementation of the final technical solutions is done in-house. In some instances we have had to decline commissions that would have required disproportionately expensive and extremely sophisticated technical solutions. Concerning the second part of your question, we are administering our allocation in the same way as the other groups within the Ministry of the Interior are doing, and we are audited too.

#### Clarifying the Rules of the Game

[MAGYAR HIRLAP] In the course of this interview you have mentioned discretion twice. In your opinion, how far can a security service go in lifting its cloak of secrecy? What will have to be included in the Law on State Security that is now being drafted?

[Agoston] It has already become evident that it was entirely unnecessary to treat this topic as a taboo. Doing so practically jeopardized the service's legitimacy. The new open Law on State Security will inevitably have to define precisely the conditions under which covert means may be employed, including an explicit enumeration of the organs that may respectively order the use of covert means and monitor the legality of such orders. Similarly to the solution employed by West Germany, the law must state that certain partial questions will also have to be regulated by secret orders in the future. As far as the covert devices themselves are concerned, it will be

sufficient for the law to generally define their concept. After all, the types of such devices and the methods of their application are not made public anywhere. The specific objective is to uncover and prevent highly conspiratorial, secret activities. Openness would deprive the security services of their advantage. It must likewise be borne in mind that technology is changing rapidly, and there already are numerous other ways of transmitting information besides by phone or mail.

#### Finance Minister Reports on MSZMP, Other Organizations Real Estate Holdings

25000503C Budapest NEPSZABADSAG in Hungarian  
21 Oct 89 p 4

[Unattributed report: "No Ownership Rights! Why?"]

[Text] The finance minister's informative report does not provide a complete answer because, lacking jurisdiction in the matter, it cannot do so. At most he is able to inform us that they assembled the related data in a thick volume of materials supplemented by numerous tables showing the way the state supported various social organizations in earlier days. But even this documentation is not really accurate because, for example, there are no reliable, accurate data on investment subsidies 20 years ago, data that can be delineated. The picture is also confusing because fixed assets and real estate are not recorded at their real market values, but instead at their original value, or at best at a value that reflects a one-time reappraisal.

The actual proprietary conditions are even more veiled by government decree No 3339/77, dated 22 July 1977. We quote from the decree: "Beginning on 1 September 1977 real estate owned by the Hungarian Socialist Workers Party [MSZMP] as of the date when this decree is published, or that is transferred to the ownership of the MSZMP after that date, shall be reflected as Hungarian State property with a notation that the MSZMP Central Committee [CC] exercises management rights." As authorized by the Council of Ministers, directive No 16/B/1977 of the minister of agriculture and food also required that the situation of real estate owned by party organizations be put in order and be recorded. Based on this directive, between 1977 and 1980 land offices organized the situation of property owned by party organs. As a result of this action land offices recorded Hungarian State ownership rights and MSZMP CC management rights over these pieces of real estate in their real estate records. According to the government decree, the manager would only be able to transfer ownership rights if the sale of such rights was one of the manager's functions. Managers were not permitted to claim state-owned real estate as collateral.

Following are excerpts from the Finance Ministry report. By necessity, this is not the full report, of course.

State contributions constitute one of the important revenue sources for the maintenance, operation, and investment activities of social organizations. Beginning in

1968 such contributions amounted to 47.4 billion forints. Of this amount 38.7 billion forints were spent on maintenance and operation and 8.7 billion forints supported investment projects. Viewed from another vantage point, social organizations received 32.6 billion forints altogether; of this amount, support provided to the MSZMP and the Communist Youth Organization [KISZ] has come to 22.6 billion forints since 1974, while the National Federation of Trade Unions [SZOT] received 5.2 billion forints and the Workers Guard 9.5 billion forints.

Recreation provided by trade unions was financed from funds budgeted by the state. To this date 11.8 billion forints have been spent for this purpose.

The fact that on the basis of an agreement reached in 1968 the MSZMP, KISZ, SZOT, and Art Fund enterprises did not pay their taxes to the state budget, and did not receive their share of support from the state budget constituted an important revenue source. One example for this revenue source is that party enterprises paid 3.3 billion forints to the MSZMP.

The volume of fixed assets is an important indicator of property. The value of fixed assets owned by social organizations—based on their fixed asset balances, at distorted values—amounted to 11.9 billion forints at the end of 1988.

And finally, based on real estate information received from social organizations:

The MSZMP does not have any real estate ownership rights. It manages 1,166 buildings exclusively, while its management rights concerning 1,475 buildings are shared with other organs. The gross value of these pieces of real estate is 7.6 billion forints.

KISZ and the Pioneer Association own and manage 65 pieces of real estate. Their value as of 31 December 1988 amounted to 2.3 billion forints. The present value is 1.7 billion forints.

The Patriotic People's Front [PPF] owns and manages 57 pieces of real estate. The 31 December 1988 value of this property was 278 million forints. The current value is 303.8 million forints.

The National Peace Council manages one piece of real estate and uses another. The gross recorded value of these properties is 10 million forints.

The National Association of Hungarian Journalists [MUOSZ] has ownership, management, and use rights over 12 pieces of real estate. Their gross value is 128.6 million forints.

The Hungarian-Soviet Friendship Society [MSZBT] manages and uses one piece of real estate. The gross value of that property amounts to 2.9 million forints.

The Red Cross has ownership and management rights over 31 pieces of real estate. The recorded gross value

was 17 million forints as of 31 December 1988. The current value is 49.2 million forints.

SZOT manages 39 pieces of real estate. It is not willing to submit a report concerning the property it owns, claiming that such property was purchased from trade union dues. According to their records, the gross value of property managed by trade unions amounts to 339.6 million forints. This amount, however, is not suitable for the purpose of comparison, because SZOT records a significant part of the real estate at the ideal value of 100 forints.

### **Graveyard for 1956 Combat Victims Dedicated** *25000487D Budapest NEPSZAVA in Hungarian* *2 Oct 89 p 4*

[Unattributed article: "Cemetery Parcel for the 1956 Heroic Dead To Be Dedicated; Foundation Stone To Be Laid on 22 October"]

[Text] At 4:00 pm on 22 October a foundation stone will be laid in Parcel No 21 of the Mezo Imre Street (Kerepesi) cemetery, to accommodate an obelisk later on. The monument will be erected as an appropriate reminder of those unknown victims who died in street fights after 23 October 1956, according to Laszlo Maroti, Hungarian Democratic Forum [MDF] Jozsefvaros district managing director, at a press conference held at Parcel No 21, on behalf of the 1956 Memorial Committee of the Hungarian Political Prisoners' Association. This ceremonial act will open the graveyard to visitors. The Memorial Committee has officially declared that henceforth the parcel will bear the name "The Heroic Dead of 1956."

Speaking for the Political Prisoners' Association, Robert Szalay said at the press conference that a January statement by Imre Pozsgay according to which a popular uprising took place in 1956 started the action based on social cooperation. "Hearing this statement I instantly thought of the victims placed to rest in Parcel 21 under circumstances beneath human dignity, and of the idea that this parcel should be changed into an appropriate memorial place," Szalay said. "After all, the 1956 revolution had more than its leaders; not just those executed should be paid final respect. Final honors are also due to those who fell in combat, and to innocent victims who accidentally died on the streets struck by a bullet or shrapnel. We would like to emphasize that Parcel 301 contains the bodies of the martyrs of reprisals that followed the 1956 revolution and fight for freedom. Here we have the victims who died in combat. This is the clear difference between the two places of remembrance."

Initial calls to recruit volunteers for social work to clean up the extremely neglected parcel appeared last spring. People responded to this initiative. Several persons appeared on Saturday mornings with picks and shovels. Later on they received help from the funeral service organization. They brought tools and removed weeds and debris.

A NEPSZAVA reporter visited the parcel in early September. The conditions of those days cannot be compared to the present situation, although much work was accomplished by September primarily by volunteers recruited by the Districts 3, 8, 13, and 16 MDF organizations. By Saturday there were no weeds, the grounds were in good order covered by black soil and grass seeds, and walkways covered with yellow pebbles signaled the fundamental change that came about virtually overnight.

"Negotiations with Budapest Council officials had already been held before, and recently they provided half a million forints to shore up the parcel. This is the reason for the great change," according to Mrs Sandor Dunay, one of the organizers of the restoration work. "Several months of hard volunteer work provided us grounds for presenting our request at City Hall."

At the press conference the NEPSZAVA reporter asked Dr Peter Schneider, City Council deputy chief for transportation and public works, whether he had to fight for the executive committee's approval to authorize the payment of 500,000 forints.

"It was not a difficult decision," Schneider replied. "The leader of Budapest believes that we should support the cause of reconciliation and a national consensus with all possible means."

Responding to further questions Jenő Ladanyi stressed that the workers of the institution could have established the same military order one finds at the graves of participants in the workers movement, but this was not asked of them. Maroti confirmed this statement, adding that neither time nor money was available for the complete renewal of the graveyard. The 1956 Commemorative Committee intends to care for the parcel by taking advantage of social work and voluntary donations, nevertheless competent care of the parcel cannot be accomplished without central involvement. In this regard Dr Schneider stressed that further discussions will be necessary concerning the maintenance and care of the parcel.

#### **Representative Kiraly's View of Extremists in SZDSZ**

*25000503A Budapest NEPSZABADSAG in Hungarian  
18 Oct 89 p 4*

[Unattributed article on the National Assembly session coverage: "Whom Does Zoltan Kiraly Regard as the SZDSZ Extremists?"]

[Text] During a recess, our reporter asked Representative Zoltan Kiraly whom he regards as extremists among members of the Alliance of Free Democrats (SZDSZ).

[Kiraly] Within the SZDSZ I regard those as extremists who are willing to enforce their will by defrauding people. People are being fed with the ideas of abolishing the Workers Guard and of removing the party from the

workplace—matters that have already been accomplished—while the real action is related to skirmishes surrounding the position of the president of the republic. The decent thing to do would be to ask this: Do you want the institution of the president of the republic now? Yes or No?

\* \* \*

According to an MTI [Hungarian Telegraph Agency] report, Zoltan Kiraly, nominated by the Szeged chapter of the Social Democratic Party as a presidential candidate, does not want to take part in the struggle for presidential nominations, because he would be accused by many of having made Tuesday's statement in Parliament about the SZDSZ signature drive in preparation for his nomination. He will let his presidential candidacy go down the drain. He had to make this decision so that in the future he would not be accused of such things and they would not discredit him, Kiraly said.

Nevertheless, Kiraly did not rule out the possibility of joining the race for the presidency if at least 100,000 signatures (twice the necessary minimum) are gathered for his nomination as candidate for the president of the republic.

The way he made his statement shows that he is not overly preoccupied with whether the opposition's view of him has changed as a result of his statement, just as he does not care how the Hungarian Socialist Workers Party [MSZMP] feels about him.

#### **SZDSZ Replies**

"Whoever says that with its signature drive the SZDSZ is defrauding the people greatly underestimates the people," according to SZDSZ Spokesman Ivan Peto. In the SZDSZ view their action is fully beyond scrutiny and cannot be challenged from a legal standpoint. That is, the four questions for which a popular referendum is sought are related, according to the SZDSZ's view, and none of these questions were resolved satisfactorily in the course of the national roundtable negotiations.

Peto said that although in his view the signature drive is being attacked on the basis of political considerations, the SZDSZ will continue its drive. In their view a referendum must be held by all means, because the needed 100,000 signatures have been obtained.

#### **Horvath on Police Protest of Party Workers Heading Force**

*25000503B Budapest NEPSZABADSAG in Hungarian  
19 Oct 89 p 5*

[Unattributed interview with Interior Minister Istvan Horvath: "It is Possible to Protest, but ...;" date and place not given]

[Text] In the aftermath of the Hungarian Socialist Party [MSZP] congress it has become apparent that many party workers will have to undergo career changes. The

other day policemen protested the idea of former Hungarian Socialist Workers Party [MSZMP] workers entering the police force, to lead the police force. We asked Interior Minister Istvan Horvath how he viewed the protest.

[Horvath] These remarks, this protest is not unlawful, it is not illegal. But I would caution against hasty value judgments and generalizations. The idea that at this time anyone would want to stud police bodies with former party workers is out of the question. This profession demands a calling and competence, and appropriately the people who work in that body should be familiar with that kind of work. Having said that, it does not follow that the police is a caste which one cannot enter or leave. As far as the Zala County protest is concerned, the issue may have been over [MSZMP] County First Secretary Ferenc Karvalits who has been unemployed for 3 months and applied for a job. Quite naturally, he did not apply to become the chief of police, but he would like to take a job on the police force. I regard this as a reasonable request.

[NEPSZABADSAG] Representative Janos Marton once again brought up the issue of the proliferation of Arrow Cross pamphlets, and recommended that Parliament delimit itself from such initiatives. Is the police investigating this pamphlet matter?

[Horvath] The police are seriously investigating this matter. The issue of these extremely dangerous reactionary pamphlets was emphatically discussed last weekend at the Patriotic People's Front congress, and is now being discussed in Parliament. The alarm is understandable; it is important for society to soberly go on the defensive once it sees danger, and to demand that this kind of incitement be stopped and that the authors of the pamphlet be held to account. Fortunately, we are dealing with an isolated phenomenon. For this reason I would caution against overstating and enlarging this issue. On the other hand, I would like to state that the police, the state security services, are intent on not permitting this group to raise its head. We will appropriately inform the public once the investigative results are known, and once the investigation is closed.

### **Opposition, Police Exchange Views**

*25000503D Budapest NEPSZABADSAG in Hungarian  
18 Oct 89 p 6*

[Text] The county People's Front leader inquired about state security work and how to depoliticize the police, while the Independent Smallholders Party leader was asking questions about weapons held by individuals for the purpose of self-defense, and whether the police are prepared for a situation in the future when mayors may appoint police chiefs in the county's settlements. Local representatives of the National Association of Political Prisoners, joined by the People's Party spokesman, expressed the view that county police organs could best manifest their commitment to reform by removing the

Munnich monument that stands in front of police headquarters. This should be accomplished by 23 October at the latest.

All this was said yesterday afternoon in Bekescsaba, at the Bekes County Police headquarters. The county police chief and his deputy, joined by the head of the Ministry of the Interior public affairs office, answered questions raised by party representatives.

The 3-hour exchange took place in the presence of the press, and the hosts responded to all questions asked. Thus we were able to learn that a decision will be reached this week concerning the removal of the party from the police. And further, without awaiting the final provisions of laws, they began to review permits for weapons intended for self-defense purposes. Investigation into an armed threat that upset the mood of a weekend opposition rally a month ago has begun. They will render a final decision concerning the removal of the Munnich monument once they learn about the full career path of Munnich, the politician.

### **Soviet War Monument To Be Removed**

*25000503E Budapest NEPSZABADSAG in Hungarian  
18 Oct 89 p 10*

[Text] The World War II Soviet heroic monument that stands at Konstantin Square in Vac will be piously removed to the Soviet cemetery in the near future. Local representatives of parties and organizations have announced that they had planned no atrocities regarding the monument on the occasion of 23 October, and that they would delimit themselves from such matters from the outset.

The background of this matter is that on 8 October a few members of the Vac Democratic Youth Organization [FIDESZ] wrapped the monument in paper and wrote on it the following: "Long live Soviet-Hungarian friendship—but not here!"

The wrapping paper was subsequently removed. But since removal of the obelisk from the beautiful Baroque city square has previously been requested by the city preservation society on grounds of aesthetics, the council executive committee decided to find a solution that would satisfy everyone. Indications are that they have succeeded in finding such a solution.

## **POLAND**

### **Cardinal Glemp on Carmelite Controversy, Jewish Relations**

*90EP0020A Krakow TYGODNIK POWSZECHNY in  
Polish No 38, 17 Sep 89 p 1*

["Authorized" text of interview with Jozef Cardinal Glemp, Primate of Poland, by Dr. Jacek Wozniakowski: "Let Us Put an End to the Argument"; date and place not given]

[Text] [TYGODNIK POWSZECHNY] A week has passed since the Day of Prayer for Peace that took place, at Your Eminence's initiative, in Warsaw this time. Could I ask Your Eminence to share your reflection on this topic with the readers of TYGODNIK POWSZECHNY?

[Glemp] Both on other such days in the past, ever since Assisi, and now, in Warsaw—and perhaps especially strongly in Warsaw, because we were, after all, praying on the fiftieth anniversary of the outbreak of the war—all of us together rediscovered very simple, and very deep, values. First, just how very precious it is for people who come to God by various roads to pray together. Second, how rich are the new currents of spirituality, both in Christianity and in, say, Buddhism or Islam, and how ignorant we are of them on both sides. Thus, among the Muslims of northern Africa—because we were involved with them—I was struck by their intense concern with Marian theology, and also by their desire for a more penetrating and more consistent understanding of the commandment of love. Third, we saw how that prayer in common gives birth to human friendship among representatives of various faiths and various peoples. What could be more precious to us than to confirm such friendship with Germans, and with Russians, and with Jews... I consider ties with the last to be especially important, because, as I had occasion to say not long ago, the Jews were not our neighbors, but members of our own household.

[TYGODNIK POWSZECHNY] In this light, the controversy surrounding the convent of Carmelite sisters at Auschwitz, which has been so damaging to that friendship, has rippled farther and farther outward, and has grown all out of proportion, seems all the more sad and unnecessary...

[Glemp] A lot of misunderstandings have come to light. It is too bad that the Jews did not state their position sooner, because, as you know, the first criticism was raised in the Belgian press a year ago, after they settled outside the wall of Auschwitz I. From a legal point of view, their presence there is entirely legitimate, and nobody can call it into question on those terms. On other terms—those of the meaning and form of their prayer of expiation—one encounters various emotional reactions; these must be honored and taken into consideration, even if one does not entirely share them, but so as not to violate the basic, human rights of the Carmelite Sisters: friendly relations should not be based on formal reproaches. The Sisters should by no means be treated as things; they must have a part in decisions that affect them.

[TYGODNIK POWSZECHNY] That last statement seems obvious, and I do not doubt that the nuns, who settled outside the wall of the concentration camp in order to bring peace and reconciliation to a place where crimes were committed time and time again, would themselves concede that, since their convent has become an object of controversy—through no fault of their own,

it would be better to relocate it half a kilometer away in accordance with the Geneva Conventions. That will not be a tragedy; God will hear their prayer from that new location as well.

[Glemp] Obviously. But I am a student of the law, and besides, I still have to take diverse opinions into consideration. Catholics in Poland have been remiss in their knowledge of the Jews' views and of the wounds left by the Shoah [Holocaust]: during this period of renegotiation we could have done, and we can do, more to enlighten the faithful about these views, and the Jews would be well advised to help us as we do so. Our contact with each other has been too haphazard. It was a bad thing that there was not a single representative of the Polish Jewry in Geneva. For several weeks now we have been fortunate to have in Poland head Rabbi Jaskiewicz, who visited me on August 5th, and with whom I had a very pleasant and valuable conversation. The Nissenbaum Foundation is also active in Poland...

[TYGODNIK POWSZECHNY] When Your Eminence spoke of renegotiation of the Geneva Accords, did Your Eminence have in mind those persons participating in further negotiations?

[Glemp] Yes, them and other specialists as well. I thought that the support of a broader panel of experts would reinforce, in the eyes of Polish and foreign public opinion, the conclusions Cardinal Macharski drew from Geneva.

[TYGODNIK POWSZECHNY] In that case, if I understand correctly, Your Eminence is not ruling out the possibility that the proposals issuing from the renegotiations will be very similar to the ones signed in Geneva.

[Glemp] I am not ruling that out by any means, and, after familiarizing myself with the findings of the Polish Episcopal Commission on Dialogue with Judaism and with the communiqué from Cardinals Decourtray, Dannels, and Lustiger, I even think it would be best that way. After all, renegotiation need not mean repudiation of the sense of accords already reached, but a perfecting of their form. The Geneva negotiations had several defects [Canon Law expression] in this regard, among them the fact that the two sides were uneven. If I understand correctly, the Jewish side was represented by a structurally powerful nationalist group, while the Catholic side—in the language of sociology—was represented by an informal denominational group. By no means does this imply that I do not fully appreciate the great work done on those difficult questions by the three Cardinals I mentioned a moment ago, or the weight of the position they took.

[TYGODNIK POWSZECHNY] In Your Eminence's opinion, is it worthwhile, then, to put aside the executive orders? After all, polished legal formalities are not the most important thing here. The other terms Your Eminence mentioned seem much more essential, especially the intent, on the part of all concerned, to reach an

understanding, even—and especially—if mutual comprehension is incomplete? [question mark as published]

[Glomp] Would that were, indeed, everybody's intent. But the commotion surrounding the convent and the violent demonstrations like the one staged by the New York Jews on the convent premises have complicated the issue considerably: such forms of pressure only stimulate unfavorable public opinion.

[TYGODNIK POWSZECHNY] I understand that the uproar makes it difficult for Church authorities to continue their activities, but I cannot imagine that anyone thinks it relieves us of the intentions expressed at Geneva or the obligations we undertook. Begging Your Eminence's pardon, but the Jews may believe that, at least since Geneva, it is rather we who are complicating the issue: first by our procrastination, and then by statements, not always clear and sometimes utterly opaque, which pained not only them, but many of us as well.

[Glomp] True, certain reactions in the press let me know that some of my sentences were not interpreted in accordance with my intentions. I counted in the whole of my statement on the need for amicable dialogue between Catholics and Jews being clear enough that no doubts would be raised or umbrage taken. Meanwhile, these did arise around isolated expressions, especially where I was trying to show how absurd were the outcomes to which the demonstrators' behavior could lead. I also desired to make it clear that one should not condone or commend acts inconsistent with universally recognized custom. I would like to take the opportunity of this conversation to make this appeal: please read and understand the intent of the texts in their entirety, not just isolated sentences, which can be misread and distort the thought behind the whole, especially in the atmosphere of passions inflamed around the convent.

[TYGODNIK POWSZECHNY] Thank you very much, Your Eminence, for that clarification. But may I note here that those passions are a fact, and that, as a result, we look worse and worse each day, not only in the eyes of the Jews, but of Christians throughout the world. As I follow the foreign newspapers, I see clearly that time is running short if our dialogue with the Jews and our standing in the eyes of a world that is not always well disposed toward us are not to suffer serious damage. Here, I am taking advantage of Your Eminence's kindness to anticipate the decision of the Church authorities, but I am also taking advantage of the rights and duties of the laity as defined by the last Council. My friends at TYGODNIK POWSZECHNY and I think that both the building committee for the Center and the information department, two entities that ought to be convened immediately, should get down to the hard work of construction, after setting a realistic sequence of capital expenditures and deadlines from the very start. Meanwhile, the process of disseminating information, public relations, and talks with the sisters could go on in peace—and it would be necessary to expect and to insist

on that peace. But does Your Eminence not think that construction, the money for which will come from the European churches, anyway, and the dissemination of precise information about it should begin at once?

[Glomp] Such a proposal is indeed being advanced, especially in light of the findings of the Episcopal Commission on Dialogue with Judaism. I trust that, together with Cardinal Macharski and many people of good will we will manage to continue the work of this amicable dialogue, which was begun years ago by our present Pope, John Paul II.

I am grateful that I am able, through TYGODNIK POWSZECHNY, to transmit my explanations to society. Nevertheless, the issue of the Carmelite sisters' convent has allowed us to become better acquainted with far more serious problems that I cannot possibly cover in depth here. I will outline two of them, but please treat what I say as but the seeds for future reflection.

The first problem is obvious and, at the same time, very delicate: when we talk about conflicts on a societal scale, we often have conflicts of interest in mind. Much less palpable, and, at the same time, more momentous, and certainly harder to solve, especially on a societal scale, are conflicts, not of interest, but of feelings.

The second point is incredibly difficult. This is the problem of the Shoah, especially from a theological standpoint. I am very absorbed in it, but I think that our partners in the Polish-Jewish dialogue are asking themselves similar questions. Two questions stand out above all. The first: the horror of the Shoah has caused more than one person, sometimes even an eminent person, to lose faith. How can one participate fully in the life of Israel if one is an unbeliever? That must be a perplexing thing; I would like to understand it better. And the second question is how to reconcile the exceptional nature of the terrible drama of the Shoah with the normal existence of Israel among the human family? I get the impression that Israel is still looking anxiously for that normal place. I would be very grateful to God if our Polish-Jewish controversy would give even a little impetus to the success of that distinguished people in discovering their own place within the family of all peoples.

#### **POLITYKA Weekly News Roundup**

90EP0018A Warsaw POLITYKA in Polish  
No 37, 16 Sep 89 p 2

[Excerpts]

#### **National News**

[Passage omitted] In Szczecin, an open discussion forum on changes in the PZPR has been initiated. The participants have considered, among other things, charter questions: a change in the party name to the Socialist

Left Party or to the Working People's Party was proposed. The need to reach back to Polish leftist traditions, for toleration without defining world views was raised.

In Krakow, the Executive of the PZPR Krakow Committee adopted a declaration demanding that "prior to a session of the Sejm of the People's Republic of Poland a joint plenum of the PZPR Central Committee and the party deputy club be held and that it lay out "our position on the crucial problems of political life."

Ludwik Bernacki, the deputy chairman of the PZPR Deputy Club, spoke to a PAP reporter about the Club. In response to a question whether there has been a division within the Club, whether the party authorities were dominating the deputies, he said: "Yes, for example, an article has appeared in POLITYKA describing our club as closed, indecisive, beaten down by the Central Committee. I do not agree with this opinion at all. We are, to be sure, a sum of many individuals who have survived a difficult election road and who now face in parliament a much more difficult role, if just because we cannot make such spectacular gestures as the ZSL or SD deputies can. . . . There are certain problems in contacts between the Central Committee and the Club, but the Club is not falling apart or dividing into fractions." [passage omitted]

The Christian-Social Union intends to organize distribution points for cheap food for the poorest and those most in need. It has called on other organizations to cooperate.

A strike by hammer throwers provided variety at the track and field championships in Krakow. The hammer throwers threatened to boycott if Michail Popiel, the representative of the Jagiellonian Club and a Soviet citizen, was allowed to compete. After intervention by Jan Mulak, executive of the Polish Track and Field Union, the hammer throw competition began; Popiel had the longest throw, but the other competitors did not attend the awards ceremony. (TRYBUNA LUDU)

Gasoline prices have gone up. A liter of 94-octane gasoline increased to 500 zloty from 350, diesel to 350 from 230. The organization of agricultural circles has warned that increases in fuel prices must cause an increase in the purchase prices for agricultural articles. [passage omitted]

The Union for a Realistic Politics uniting various opposition organizations has published a resolution demanding the introduction of a free market for paper and commercialization of the mass media beginning 1 October 1989 and "opposes government subsidies out of citizens' pockets for any—even the most correct—group or publication."

The A. Warski Shipyards have signed a large contract with the Polish Shipping Company for the 1990's: it is to build 30 modern bulk cargo ships and two chemical ships. On world markets, the price for such ships is \$15 to \$20 million. [passage omitted]

The OPZZ National Executive Committee has decided that the "leadership of the Polish United Workers' Party has ceased to be a political guarantor of the interests of the working class" and has announced that the OPZZ National Executive Committee will actively support social movements that aim to create a broad front uniting the working people against all forms of social injustice, exploitation, and sales or theft of the national assets." TRYBUNA LUDU commentary: "We share the concern of the trade union movement. We share the view of its leadership that it is necessary, that the most important of the important issues is broadening the united front of the working people in this situation. We also understand the reasons behind the many pretensions directed at the party today. But we cannot accept the accusation that the party has ceased to be the guarantor of the interests of the working people." [passage omitted]

The most recent exchange rate (official) for \$1 (11 September 1989) is 1,350 zloty. [passage omitted]

Changes in the ZSL and Pax leadership. Roman Malinowski's resignation from the position of president of the ZSL Main Committee was accepted. Dominik Ludwiczak (age 50) an individual farmer from Poznan Voivodship, previously a deputy president of the Main Committee, was elected the new president. Zenon Komender resigned as chairman of the Main Board of Pax for health reasons; his deputy, Maciej Wrzeszcz (age 55) a journalist and since 1979 a deputy chairman of the Pax Main Board, was elected chairman. [passage omitted]

#### On the Left

The general strike in Azerbaijan has been suspended. The strike committee announced that in Baku and in other major cities 95 percent of the plants stopped work. "The strikers demand full political sovereignty for Azerbaijan, which does not mean they want separation from the Soviet Union; however, they want to have the right to make political decisions concerning their own territory," said Javad Salamov, an activist of the People's Front of Azerbaijan. Among the Front's demands, in addition to restoring "actual control over Nagorno-Karabakh," are, among others, recall of the deputies to the Congress of People's Deputies from Azerbaijan, who in the opinion of the Front activists were elected in fraudulent elections and have not shown any initiative during the first working session of the Congress.

In Leipzig, where the Fall Trade Fair has opened, there was an illegal demonstration by about 1,000 individuals, mostly young people desiring to emigrate to the FRG. The demonstrators who marched from St. Nicholas Church to the city center demanded an end to the limitations on tourist travel and freedom of assembly and of association.

"Every Sunday about 20,000 to 30,000 people from all over Czechoslovakia come to a market of private sellers in Ostrava; 70 percent of the sellers," writes the daily

PRACE, "are Poles." The majority of them do not observe the binding regulations. The CSSR authorities are helpless because the current regulations do not permit them effectively to limit known sellers repeated travel to Czechoslovakia. "CSSR citizens have shown great interest in the private Polish sales offers and buy at the market especially what they cannot get at home in the stores, i.e., denim clothing, attractive footwear, cassette tapes, video equipment, equipment for cars. For all intents and purposes, it is possible to buy everything from earrings to fur coats." [passage omitted]

Jan Fojtik, secretary of the CPCZ Central Committee, at the opening of party training posed the question: "Is the process of change initiated by the CPCZ progressing too slowly in comparison with that in Poland or Hungary?" He responded: "Those who are persuading us to follow Poland or Hungary are not thinking just of economic reforms; they expect more from us. . . . They would like us to first initiate 'political reforms,' in other words, to begin the destruction and rejection of our current system. The process of democratization is to serve, in their conception, the overthrow of socialism, which has been won by the working people in the struggle with fascism and the bourgeoisie. Perestrojka is to be a continuation of the revolution and not a counter-revolution."

"My hobby is implementing socialism in Romania." That was the response Nicolae Ceausescu gave to a question about his avocation from a correspondent from the Zagreb weekly DANAS. Ceausescu added that when he has time he goes hunting. He did not say whether his wife Elena or son Nicu can be regarded as his eventual successors.

TRIBUNA, the weekly paper of the CPCZ Central Committee, called the proposal "to change the community party operating in the socialist countries into social-democratic parties" open betrayal of the interests of the working class and of the principles of Marxism-Leninism. Similarly, attempts to exploit the process of perestrojka in the USSR and other socialist countries to replace the socialist system "with some elitist, intellectual, and petite bourgeoisie system, externally similar to social relations in Finland or Sweden" are also betrayal. TRIBUNA deals sharply with comments of the Soviet writer Chingiz Aytmatov, who opposed the "unsuccessful attempts, in his opinion to build socialism in the USSR to the 'real, union and working socialism' in Sweden, Finland, Austria, Holland, and even in Canada, in other words in countries which although they do not call themselves socialist, in fact, already are socialist states. Aytmatov, who denies the achievements of socialism in the USSR, is a typical representative of the petite bourgeoisie, of the opportunistic rightist-revisionist direction of Soviet (and not just) perestrojka." [passage omitted]

### Opinions

*Michal Wojtczak, deputy, president of the Wielkopolski Economics Society:*

(Interviewed by Janusz Michalski, WPROST 3 September 1989)

[Question] A group of activists of Economic Action met with Wojciech Jaruzelski as PAP reported. . . .

[Answer] We presented the general proposals for radical change in the structure of the economy. The point, simply put, is to liquidate the socialist system and to introduce economic liberalism or capitalism.

[Question] And how did General Jaruzelski react?

[Answer] During the course of the conversation he stated three times, citing Stalin, that 'it is unimportant whether the cat is black or white, what is important is it catch mice.' We understood that as giving us a blank slate to fill up as long as it produces positive economic effects. Obviously we have not become overly optimistic after this one visit. We realize that there are many obstacles which must be overcome in order to get to a full market, liberal economy.

*Andrzej Milczanowski, secretary of the Szczecin City Citizens' Committee, a member of the Presidium of the National Executive Commission of NSZZ Solidarity:*

(Interviewed by Anna Wieckowska-Machay, WYBRZEZE 27 August 1989)

[Question] Will people support Solidarity when they find themselves in the street? The workers of the large, frequently the most unprofitable, plants are the greatest strength of the union.

[Answer] Solidarity's members must be convinced that there is a need for genuine reforms, primarily political and economic ones, and they must be made aware that the effects of the transformations will be felt by some groups for two or three years. Perhaps the reforms will succeed; perhaps they won't. But we must take the chance. You have touched on another fairly important issue: whether the union activists are only to express the views of the masses or whether they are to shape those views. I think that we must even risk our popularity to pursue favorable social views. It is not important whether the activist retains his position or whether he will be supported by large numbers. It is important to learn political habits, to make people aware of certain necessities, even if that is to cost the loss of popularity. We must speak the truth whether the listeners like it or not.

*Marek Bartosik, deputy, member of the Central Committee, on the "Position" of the 14th plenum of the PZPR Central Committee:*

(Interviewed by Bogda Madej, ODGLOSZY 3 September 1989)

[Answer] The PZPR Central Committee took, in my opinion, a very precise, objective position that was then subjected to editorial corrections so that the texts of these two documents differ.

[Question] There was an abuse of editorial powers then?

[Answer] The Central Committee will decide that. The style of the published document is from a completely different epoch. The PZPR Central Committee adopted a set of objective, political considerations, but the published document is written at points from the point of view of a variety of 'betrayed wives.'

Such a style in today's stormy times has the opposite effect from that intended. Stiffening views on one side causes a stiffening and consolidation of the opposing side. It also limits the party deputies' ability to negotiate in parliament, and their ability to maintain and develop current, frequently informal, contacts with deputies and groups of deputies in other similarly heterogeneous clubs which, in parliamentary politics, has great substantive significance. It makes it possible to unify different parties for specific party proposals and to create temporary problem coalitions, essential for implementing the party's policies, which at present is a minority in parliament.

*Aleksander Bentkowski, chairman of the ZSL Deputies' Club:*

(Interviewed by Jerzy Gawronski, WIESCI No 31, 1989)

[Question] You are an active participant in the All-Polish Social Committee for the Renewal of the Peasant Movement. What are the main goals of this committee?

[Answer] The main goal is included in the name itself. We want to renew the peasant movement, but, and I strongly emphasize this point, we do not want to breakup the peasant movement. We think that in the future state structures only a unified peasant party, including peasant party members in its ranks from the Polish Peasant Party, the ZSL, Rural Solidarity, the Union of Rural Youth, or other peasant social organizations, has a chance to excel. Obviously, we must formulate a program for an independent party in such a way that all these factions of the peasant movement can accept it and be part of this party. We must be creditable for former members of the Polish Peasant Party, for if we adopt that name, then we must be worthy of the memory of the people who lost their lives for the movement or were imprisoned. Some of them have persisted in their expectation of the rebirth of the Polish Peasant Party.

The opinions and views cited in this section do not always agree with those of the editors.

## YUGOSLAVIA

### Slovene Opposition Figures Outlined

28000183 Ljubljana MLADINA in Slovene  
18 Aug 89 pp 5-11

[Article by Ali Zerdin and Ivo Standeker: "Who Isn't Who In the Opposition"]

[Text] The makeup of what we could call the opposition has changed suddenly just in the last few days. Jansa came back from prison, which Zavrl and Tasic left for. So that the opposition could appear to us in an intimate light, we had to telephone to Vis and to the Radgon vicarage; we cruised around Ljubljana, Bar, and the broader vicinity, and in Pohorje, where the roads were devastated by storms, we ruined our rental car and in a few hours were cut off from civilization. "If the March elections are not honest, we will boycott them," we were told by all those we interviewed. That is the minimum joint program of the entire opposition. The superstructure would be a matter for debate, and a debate in our country is often a matter of recriminations.

Whether fatal schisms are occurring in the opposition, or productive divergences; whether in December 1988 a historic opportunity was wasted at some meeting of the Committee's collegium; what is happening with solidarity within the opposition; why there are polemics about the May Declaration; whether the youth organization violated it on 8 May, when it organized a public meeting in Congress Square... and finally, whether we would not all be hungry, poor, and outmaneuvered together even before the March elections...

**Dimitrij Rupel** (born in 1946), former president of the SDZ [Slovene Democratic Alliance], editor of DEMOKRACIJA, and professor at the FSPN [School of Social and Political Sciences], took enough time to explain to us among piles of his books, in a friendly manner, where the roots of the disputes lay and how they could be severed. "That story began on 8 May in Liberation Square, when we almost split up because of what one might call a slightly condescending attitude on the part of Skolc, Golobic, and others. At that time part of the organization around the RK [Republic Conference] also began to insult me personally, and above all the social democrats, with such expressions as 'right-winger,' etc. And that is a disturbing element in reaching agreement within the opposition. Now new signs indicate that nevertheless more productive discussions could also be held with the RK. In spite of personal antipathies, we should be capable of finding a common language, at least on the key points, and burying the hatchet. Bavcar and Jansa also say the same thing.

"In fact, that meeting on the constitution was already (?SFIZIL) [translation unknown], as I see it; we did not achieve much regarding the elections. We still have reservations regarding the RK, which also has a secure place in the present electoral system, so that Kucan says

he would take the ZSMS [Slovene Socialist Youth League] and the Greens into a big coalition; we will see.”

Did the SDZ, then, want to be the one that would lead the democratic bloc? “In my opinion, that is rather far-fetched. As you know, the SDZ was established first, except for the Peasant Alliance, and that is why we conceived our program at that time with minimal starting-points. If the establishment of other parties had not happened afterward, even more aspirations could have been included in our program. We had a discussion with Tomsic then about whether we would join in one organization. Nevertheless, I was of the opinion that it would be better to drill into the concrete in several places than to invest everything in one drill.”

Rupel looked somewhat melancholy. “Recently Zavrl told me what concerned him, what I had 15 years ago with Zizek or Mocnik. Nevertheless, if, for instance, Franco Juri thinks that what is important is not national sovereignty, but the sovereignty of the individual as a citizen, then I can only say, ‘Franco Juri, go and read books.’ One must understand, all the same. Politics is politics. We should conclude an agreement on mutual tolerance. What MLADINA is doing very well at starting, that character assassination, in fact has a political function. If that continues, it will snowball and will cause such crap before the elections that the SAWP [Socialist Alliance of Working People] will win a splendid victory. There are no serious disputes any more, to be sure. Above all, there is the need for us to establish somehow an independent lobby, which would monitor and evaluate events, since we certainly have the intellectual potential. And if I am prepared to sit at the same table with Smole, I can do the same with Zizek.”

By the way, Club 89 is the same mysterious entity that our interlocutors always mentioned when they did not want to say... [Slavoj Zizek].

**Slavoj Zizek**, born in 1949, is a doctor of philosophy and psychoanalysis, who runs from the Analects to Club 89. He is known for the fact that everyone thinks that he is the father of MLADINA. He is unusual because one can talk normally with him—that is, of course, if just then he is not somewhere in London again. Before he left, however, he sent us one of his famous letters: “A foreigner who tried to understand the balance of power within the opposition in Slovenia, without any prior knowledge, would probably go through three stages in his understanding:

“First of all, it would seem to him that the opposition was entangled in a multitude of disputes, all the way from hair-splitting quarrels to low blows, and that it was grouped around two main poles: the ZSMS and the SDZ;

“Then, he would find out, in surprise, that the opposition was actually in agreement on the whole range of key points, in spite of all the mutual insults;

“When he delved even further into the whole matter, I think that he would find out again that it was not just a

question of personal disputes over prestige, or a continuation of past fights among literati, and that the differences also could not be perceived in terms of a greater or lesser distance from ‘official’ politics, but that what lay behind all this was two completely different concepts of the logic of the realm of politics, behind which were different philosophies, different histories, and different experiences in life. The starting point for one of them is national identity, and everything else, from state sovereignty to individual freedom, is derived from that. The starting point for the other one is the free individual, and it sees the national community as a form—one of the forms—in which individuals can find a common denominator for their coexistence. The fact that this difference—which has nothing in common with the traditional left-right difference—has not yet been expressed as a normal political difference could unfortunately be acknowledged as a sign of political immaturity.

“Now, when the different trends within the alternative movement are more or less discernible, I am consequently in favor of the formation, as soon as possible, of any kind of coordination bodies, but certainly dual ones: for coordination within the alternative movement itself for joint action against manipulations by the authorities; and for coordination of the alternative movement with the ‘liberal’ wing of the authorities to enable rapid joint mobilization when their mutual interests are threatened. This, then, is not a question of whether the alternative movement should ‘let itself quarrel.’ It is a question of creating room where one will finally be able to ‘quarrel normally.’ The condition for this is that no participant acts as the one who is something more than he himself, who is capable of standing on his own shoulders.

“The alternative movement as a whole today is playing a thankless role, since the fate of all Slovenes is vitally dependent upon its actions, and it is therefore responsible, although it does not bear the guilt for the present catastrophic situation. Another relevant thought, it therefore seems to me, is that we should break away from the concept of politics as something that has a ‘deeper,’ national-rebirth, sacred meaning that requires sacrifice and especially prerogatives, etc. We should first of all make politics a secular business, that should be conducted by competent people, and should not be the amateur business of the literati and small entrepreneurs.”

People hate Zizek, don’t they? “I have quite correct personal relations with some of the ‘leaders’ of the other side (Jansa, both Hribars, Urbancic, and a few others), and I am unfortunately not on speaking terms with some. It is unpleasant, however, to hear stories from the people who peacefully vegetated in their ivory tower in the mid-1970’s, when I was unemployed, about how ‘Lacanovism’ was an officially supported theory in the mid-1970’s! As I have already said, however, I think that there was nothing liberating about dragging the TEH [expansion unknown] traumas into the light of day.”

There was a shortage of electricity just then in Mikroada. **Janez Jansa** (born in 1958) had returned from prison a few days before the interview. He said that elections, and changing the constitution and the political system, were the key things at this moment. "If we miss that train, then it will be considerably more difficult to change anything at all in the coming years. A common starting point for all the groups would help us to survive that preliminary period with as little stress as possible." He thinks that without a joint list of demands, the opposition will have no possibility of changing anything. "It is necessary to go beyond the fact that you have disliked someone for 15 years, and cooperate in changing the electoral legislation."

Before his arrest, Jansa was a candidate for president of the ZSMS. He said that the current leadership had taken over part of his program, and especially his "heretical" thesis of a struggle for power. At the same time, during his candidacy last year he presented the youth organization as a channel that would allow the involvement of everyone who would like to work to establish a parliamentary system. "That is where the ZSMS leadership is too narrow." Because Jansa is a well-informed person, he cited the party's opinion of the ZSMS. Specifically, a certain party document assessed the ZSMS as the party's greatest potential opponent in elections, primarily because the ZSMS has an apparatus. The party analysis was done under the impression of the public meeting of the RK ZSMS in Congress Square. Jansa said that this was a very good move by the youth organization.

A semiofficial source says that **Zoran Thaler** (born in 1962) is the one who sits furthest from Skolc within the RK ZSMS. Thaler has a degree in political science, and wears glasses with black rims, without hiding behind them. "Outwardly, we are firm and united as a rock. Clearly no organization can be completely united, if it is inwardly organized like a mini-parliament. In principle, I advocate legalizing factions within parties. I want the same level of political culture as in Italy, where one knows that De Michelis and Craxi each have their own factions within the socialist party, and that does not keep the party from continuing to exist."

Specifically? "The problem is mainly in the duality of our top men, who are simultaneously members of the LC. There was considerable discussion of that in Murska Sobota, but then the discussion did not proceed further, because there was no particular interest in it on anyone's part. Another matter on which we did not agree was those bombastic speeches, since the new unions were only attaching themselves to what we had done. Now we have all jointly arrived at the conclusion that it is not too sensible to argue over things that you do not even have."

Thaler said that the main guideline of the liberal faction within the ZSMS is strict pragmatism, and that they could even come together on a project with the devil himself. "Yes, we can agree with anyone on strategic issues, including the old alliances. The only thing is that the party is a slightly awkward interlocutor, as long as it

is tied to the state, the system, the police, and the army. Simply threatening it with boycotting the elections therefore seems to me to be too little—it should be constantly showered with specific new proposals. We have a good starting position for becoming a real party. That is our ambition. Some people claim that we are now a trans-generational organization. That will be shown in December, when the party will have its congress. At such turning points, specifically, they are always looking for new people, and from the ZSMS they usually select 3-4 for the SZDL [Socialist Alliance of Working People] and the party. That has to be changed now."

**Samo Resnik** (born in 1962) says that he is a science fiction writer temporarily working in politics. He is a contributor to TRIBUNA, and is helping to "build its self-awareness." He does not expect anything good from the neoleftists (the RK ZSMS and Club 89), although he is prepared to acknowledge that "they are not mere supporters of the regime." He also does not like MLADINA, because he cannot publish articles in it, according to him. That is also why he did not want to reveal to us why, in his opinion, the SDZ Committee and the social democrats had failed, since he would rather publish it in TRIBUNA. "It is very likely that the neoleftist part of the alternative movement will suppress the others at the first opportunity." The issue of correctness and solidarity within the opposition is important to him. When asked about the publication of Bavcar's notes in TRIBUNA, he said that he could have persuaded his colleagues not to print them if it had seemed sensible to him. Then he became even more enigmatic: "The members of the editorial board did not make the greatest of efforts to let Bavcar find them."

What about solidarity? "I think that it would be a return to certain things. No one liked Bavcar. That is unfortunate. It was not a question of vindictiveness, because vindictiveness is a more active thing. I think that we were all fed up with Bavcar."

"I am not at all convinced that a possibility of legalizing the opposition will appear next March," stated **Igor Bavcar** (born in 1955).

Bavcar does not like to talk about differences and names, but he is gathering members of the opposition around Ljubljana to take the driver's test together. He is also the coordinating chairman in the meeting on the constitution.

In his opinion, the Committee for the Defense of Human Rights is not the point in the opposition to which other issues could be linked in the long term. He thinks that at this time the most important thing is to take a unified approach in working out formal rules of procedure that would govern the approach to the elections, "of course, if the authorities do not preempt us, since I have heard that an election law has already been prepared by the legislation committee."

**Miran Lesjak** (born in 1963) would certainly answer the question of who MLADINA favors by saying, "No one."

By the way, our managing editor is on Vis just now, where he is intensively sunning himself and reading through TELEX. He knows how to be very spiritual. "MLADINA is not the publication of the opposition. That would mean that it would have to become an official publication after the next elections, if the opposition won. We are too honest for such comical affairs. To be sure, we also agreed at a meeting that we would be above all a successful and independent magazine."

**Gorazd Drevensek** (born in 1962), a future biologist and chairman of the Ljubljana ZSMS UK [University Conference], is the first on the list of signatories of the May Declaration, which hangs in the room of the most radical organization in Slovenia. While a female member of his presidency was assiduously absorbed in other matters, Drevensek first of all cited his secretary, and said that the UK was not bothered by whether it was part of the alternative movement or not. Regarding the UK ZSMS's dropping out of Bavcar's committee, he said, "It is a question of a divorce. We do not want to give anyone legitimacy who may, in our opinion, use it beyond his authority, and go, in short, beyond the limits for which it was established. We wanted to have much more radical actions, and now we do not want to provide our names and our energies." Does he then want the future Students' Alliance to become a Peasants' Alliance for students? "Yes."

"I would call the opposition different pieces of the ruling ideology, which became independent during the general breakdown of the ruling bloc, and have now passed over into the opposition," stated Rastko Mocnik (born in 1944), an ideologue who considers himself too conciliatory to be a practitioner. His intellectual services are "applicable on the left." To be sure, for some time now he has been rather unsuccessfully advocating the establishment of a Yugoslav democratic front. "We Slovenes have made bad mistakes several times, because we let ourselves be restricted to Slovenia. Our own regime convinced us that we had to remain in Slovenia, and for that purpose sang us various siren songs, while at the same time the hostile opponents of democracy ghettoized the democratic movements in Slovenia."

Given the individual problems, united action within the opposition and the alternative movement is extremely significant, in his opinion. "United action assumes ideological difference. Each group should produce its own platform as it knows best." At the same time, he thinks that the regime should be isolated as soon as possible, because of bad experiences with collaboration in the past. "During the trial of the group of four, they brought us around, and then they cried on our shoulders."

**Franci Zavrl** (born in 1962) is a prisoner. During the day, he still performs his professional duties as an adviser for MLADINA. He is a member of the Greens, of course. He said that in prison they had gruel for supper, and that he did not see anything better in the opposition than in any other policy. He would not support it a priori. "Politics does not recognize the concept of solidarity in the

sentimental sense. Solidarity is paid for." In his opinion, of course, the opposition should get rid of its illusions and great ambitions, e.g., ambitions for ministries.

At 4 Dalmatinova, **Joze Skolc** (born in 1960) looked tired, as a real Slovene leader should. Skolc is a successful president of the RK ZSMS, because no one criticizes him for being elected instead of Jansa. "As an 'old party member,' I really do not know on which point the RK should be dependent upon the party. At that time, people in the party were more or less against my election. The ZSMS is a pluralist, dialogue-oriented organization, and therefore I do not see any reason to demand exclusivism and say that a person should not be a member of anything else."

**Gregor Golobic** (born in 1964) is not a party member: "The differences occurring within the RK are by no means fundamental ones. They are normal differences in political views, on when and how something should be done, differences in strategy. If someone is in the party today, that does not mean that he is a communist or that he is tied to the party. In any case, he only has to be elected to a position in the ZSMS. And also, if, for instance, he were only pretending and in his heart were a diehard party member, appearances would bind him. It is not important whether someone is a party member or not; what is important is whether he behaves like a party member. If he behaves like a party member, he will screw up." With respect to Skolc: "It is not possible to concentrate on the issues that are important—and now it is important to change the electoral legislation—if debates are going on over who is the real alternative movement, who is the internal party opposition, who is the champion of democracy, and who knows what. Forgive me, but we are not interested in how we are viewed by other alliances who present themselves as a democratic front, and if you do not agree with them on something, they automatically label you as an enemy of democracy. They act as if they were above all disputes, but they are essentially sunk up to their knees and beyond in the mud. That was also the case with those declarations. It does not seem relevant to me if someone walks along a road and complains through everything. What is important is appearances and what someone hopes to say in public."

We can no longer doubt, therefore, that the ZSMS is an autonomous political entity. Golobic: "We are prepared to negotiate with anyone, and we are not thinking about any a priori solidarity. We will go to the elections like everyone else, and if we have certain privileges, we are not thinking at all of giving them up. That would certainly be crazy."

**Tine Hribar** (born in 1941), of course, does not belong to any alliance; as a philosopher, he does not want to be involved with everyday political work. His wife **Spomenka Hribar** (born in 1941), a member of the SDZ Council, can only give him her assent. "I cannot imagine anyone's being an afternoon politician, with all the new alliances ailing. I think that Pucnik's thesis holds true, that the Slovene opposition will have to suffer a serious

defeat before it begins to act politically." The Hribars live several kilometers away from the Iski prison, where on a sunny terrace they offered us beer and told us that a year ago there were more differences within the opposition than there are today: "Because of the extraordinary situation we fell into with the arrest of the [Ljubljana] Four, those differences were suppressed. The points in common, which could not be explained at that time, could be cited today by every representative of the different groups. The differences that have appeared now are not anything bad; they are necessary. It is better than if they continued to be suppressed. Politics has to be based on those differences."

We had to wait an hour or so for **Oto Tratnik**, the public affairs spokesman of the Academic Anarchistic Anti-League Alliance [AAAA]. He had just returned from Austria, and with a mouth full of chocolate, began: "The AAAA's position is singular and dual. Only the party and the AAAA have a unique position: both are illegal. The opposition is obviously legal, and more or less included in the SAWP. That is why the AAAA is the most oppositionist of all the parties, and is essentially the only real opposition." Tratnik did not want to reveal the year of his birth, and thought that the anarchists were always threatened. "The state is completely unnecessary to us academic anarchists"—regardless of whether it has to do with the sovereign state of the Slovene people.

We found **Joze Pucnik** (born in 1932) in Pohorje, somewhere near Tri Kralji. He is working for the presidency of the social democrats, and is furthermore announcing that he will soon retire; he returned from Germany, where he teaches sociology, and became more directly involved in politics. He left for Germany a good 20 years ago, and before that spent 7 years in prison. His position is unambiguous: social democracy as the transference of fundamental human rights to the economic area. Of all those we interviewed, he used the term "opposition" most convincingly and without reservation: "We are an opposition hoping that that is what we will become. For now the opposition is part of the public, and it can become part of the system, if the elections are at all democratic, and if it will be possible to organize enough to achieve success." At the same time, he said that the opposition must no longer be taken in by ostensible democracy, such as at the time of Drnovsek's election, for example: "If you will forgive the expression, the cows would laugh at us if, after all those experiences and awakenings, we still fell for such games." We asked him whether membership in the LC and the social democrats was mutually exclusive. In his opinion, that is completely clear. "Our programs are so different that anyone has to distinguish between them." Generally, the question of the social democrats' attitude toward the official policy was answered very sharply: "Uros Susteric, the former president of the SDZS [Social Democratic Alliance of Slovenia] Council, was of the opinion that we should have more consideration for the situation of official politics, and aim at cooperation. Personally, I am of the opinion that we should not, because ever since the

establishment of the SDZS, official politics has demonstrated tremendous deceptiveness. State authority should be taken away from the party, if Kucan continues to pretend like that!"

That is why he advocates closer cooperation within the opposition: "If we are not mature enough to coordinate our activity in cases where our opinions are identical or very similar, then we do not have the political maturity to enter the Slovene political arena." And what are those points in common? Pucnik says that there are two major areas: the establishment of a democratic political system, and the affirmation of Slovene sovereignty. We immediately tried to catch him on nationalism. "The opposition must not allow nationalism to be interpreted pejoratively. Nationalism is an organizational principle in settling problems in an industrial society. We must use that organizational principle, because we do not have more differentiated linkage mechanisms. Since we do not have modern mechanisms for organizing, we must resort to primitive ones. Nationalism as an organizational principle is still better than Catholicism, for example. I am naturally against the chauvinistic aspects of nationalism, and against a 'blut und boden' [blood and soil] ideology. Let us not misunderstand each other, however. Nationalism can only be a starting point, and not a political program."

**Nikola Damjanic** (born in 1950) works for the Ljubljana branch of the Association for a Yugoslav Democratic Initiative. A likable, bearded DNEVNIK journalist, about whom slanders are circulating in the Pen Club that he is the director of Rolanje, he does not support other alliances, except for the youth organization; that is because he sees the individual as the foundation of the political system. "We are probably an opposition against all those lunacies that are happening in this country. You have to oppose that insanity... We did not unite in order to protect the borders of Yugoslavia. We are pursuing a desire for democratic renewal, and here we could find a common language with those new organizations which are concerned about resisting political manipulations and not about coming to power themselves."

**Ivan Oman** (born in 1929) is the head of the Slovene Peasant Alliance. He speaks very directly: "If we are talking about the opposition, then the matter is crystal clear. Any movement that opposes the existing regime is an opposition, whether it declares itself to be such or not. Our alliance could be taken to be a peasant trade union, but we realize that agrarian problems cannot be solved within the system as it is. That is why we are part of the opposition to the existing system." He personally advocates the unity of the opposition. Concerning the polemics with the Greens about land reclamation, he says that it is not a question of politics, but rather a technical debate. "They are demanding a moratorium on all reclamation. We think that land reclamation has to be professionally planned and carried out efficiently. We cannot be against all reclamation." The Omans were waiting for masons, and so we did not bother them any longer.

**Mauricio Olenik** (born in 1961), the vice president of the Greens, is a young physical engineer. "Totalitarian systems, or systems in which a very high degree of political homogenization has been achieved, have always been closed to a successful policy of environmental protection. That is why we do not want to be included in any bloc whatsoever, whether it is part of the opposition or not. It would be senseless for these beginnings of pluralism to be suppressed because of any interests whatsoever. We can only see after the elections who is worth how much. By the way, there is no dispute at all between the Greens and the Peasants; we have, on the contrary, achieved a high degree of accord on environmental issues. It is true that the issue of land reclamation is a technical issue, but so far it has been resolved by the wrong profession. When the condition of drinking water and rain water becomes more serious, I think that the attitude of the peasants toward land reclamation will also change."

**Braco Rotar** (born in 1942), a writer of poems from Bantustan, a member of Club 89, a lecturer at the Philosophical School, and chairman of the program group Studia Humanitatis, first of all brought us coffee. Then he said that what was being portrayed as the opposition still had such a hybrid and composite nature that it actually did not have any profile. "Above all, it has to do with the fact that because of the unusual political situation, an opposition exists both within the party and the SAWP, while at the same time the new alliances that are appearing on the political scene are occupying ideological ranges that are too broad for them to be able to constitute themselves as a pure opposition. The left-right specter does not coincide with the formal organizations, but is comprised within individual organizations. That specter is too broad for one organization. It is not just a question of wings."

Most of those we interviewed see a possibility for a joint approach by the opposition in the debate on electoral rules. Rotar, concerned, stated that urgent matters were at hand that we had to settle within the framework of the existing political organizations, above all those in power. "In the short term that is the only realistic framework in which one can bring about any actions that would endeavor to solve the most acute problems. Those are the social problems that will break out in the areas where people are most dependent upon wages. They will be trapped in a vicious circle of poverty. It may reach the point where Yugoslav political enemies will exploit the social unrest. My main criticism of this alternative movement is that it is living in utopian dreams and has some sort of fever about a political majority. A colossal outflow of money is taking place, and that undermines social peace. This is a condition for normal political life."

**Viktor Blazic** (born in 1928) is a member of the executive committee of the Slovene Christian Socialist Movement. He says that the movement deals primarily with values, Christian morality, and a sensitive attitude toward one's fellow man. When we asked him about abortion, he said

that the social and medical criteria were very lax and that they should be made stricter. He said that the political system could not function unless some "useful conservatism" were included in it. Then he brought a glass of excellent brew and said with satisfaction, "The alternative movement needs some sort of gentlemen's agreement that we will not undercut each other."

**Tomaz Mastnak** (born in 1953) describes himself as a free-floating intellectual and cosmopolitan. We caught him at lunch, and asked him, as an independent expert with a sympathetic history, what was going on in Slovenia. "The main shift during the past year is of course the fact that the opposition has moved from the level of social movements to the political level. Previously independent activities were politicized, and new alliances and frustrated parties were established; on the other hand, the activity of social movements dried up. How would I assess this? I support the formation of new political entities, and the emergence of a new political awareness, as that is called, but I do not agree with the opinion that sees this as a higher phase of the independent activities. It is simply a different form, and even if it did occur later in time, that still does not mean that it also means a higher value. Critically, I could even say that the drying up of the new social movements is a consequence of the self-complacent judgment of the participants in the new politics and their sublime attitude toward those nonpolitical or antipolitical activities which essentially opened the field of the new politics: from punk and the youth subculture of 10 years ago, to the peace, feminist, homosexual, and environmentalist initiatives, and the journalistic struggle for the formation of an independent public."

It is true. For some time we had quietly suspected that there were no more real alternative members. "The alternative movement, in its initial meaning, was the main social medium for the expression of new ideas. Now, the term has been appropriated by many people who initially attacked the alternative movement as uncultured. In addition to this, one must ask how much they really are an alternative to the existing political system. It is not just that they operate within the SAWP; the language of the new political alternative movement is also similar to the language of the reformist political forces. It is a question of new phenomena in the political realm, and nothing more. In this regard, the ZSMS captured the fortunate advance position; although it became a powerful political factor, the continuity with the previous period is still shown most in the Committee, which is still advocating social mobilization. On the other hand, it is proposing political actions and engaging in them. It is extremely important that the Committee is negotiating with the political structures and that those structures accept those negotiations. There is no other way to achieve changes."

A copy of INDEPENDENT VOICES or similar literature can always be found on Tomaz's table; his friendly visits in the East and the West are known for the way in which he does not sleep at night, but has discussions. Is

all the dreadful news that Ervin Hladnik-Milharic brought from Hungary true, then? "The common denominator of all the new movements, of course, is that they want to demonopolize the authority of the communist party, without the path of democratization being seen at the same time as the path out of socialism. In Poland, however, we have to deal with an ideological opposition which is dominated by a large political organization with a sort of social doctrine from the Catholic Church, which in my opinion is rather conservative. In contrast to this, in Hungary the opposition is markedly pluralistic, and there is no force in it that could play a hegemonist role. The coordination of the Hungarian opposition is institutionalized and formalized, both internally and externally. The rules of procedure are definite. In our country, we still have to struggle with the illusion that we are all following the same line and the same course. Instead of learning pragmatic politics, that unfortunate priority of writing programs has occurred. Ideological orientations which certainly cannot be a platform for joint action have pushed their way to the forefront. Sooner or later, to be sure, an opportunity for coordinated action will exist, but it depends on the individuals who are active in that political sphere and who are now lost in disputes over prestige. It is better if the political sphere is undeveloped; then the role of individuals in history is greater."

And what should the former alternative members do? "I do not see any need for them to have to join any of the political organizations. A person can be active in nonpolitical spheres and still perform his political role as a citizen and a voter. The political sphere in Slovenia now is dichotomous, and a third side should just be reestablished. I expect, in fact, that a new conservatism will appear, that will be common to both the ruling and the opposition politics. That conservatism will deal with precisely the same level of everyday life where the new social movements were active: exercise, recreation, and the concept of family life. To oppose that, a joint

defensive action by the old alternative forces will be necessary, and if required, an alliance with liberal official politics against the intolerant opposition as well."

**Laibach** (NSK) returned on Sunday from a Scandinavian tour. "Our activity goes beyond specific political problems, and everyday politics is alien to us. In spite of that, and in alliance with the 'new political awareness' in Slovenia, we say the following:

"1. Those people who want every tribe to become a people and every people to become a state should be protected.

"2. Those people who welcome a victor with dancing and noise, and then boo him, to welcome his successor with song and trumpet, should be protected.

"3. If socialism is to remain healthy and unspoiled, we must not become a democracy. Socialism must be brave enough to remain barbaric.

"Western democratic processes have proven that a Gleichschaltung [forced conformity] is certainly possible, but that sort of leveling is repulsive to us, since it is adorned with the hypocrisy of individual choice and free will, and because it simulates Freedom itself. That is why we do not believe in the democratization of the Western systems, in the sense of intellectual and cultural progress, and we also very sharply oppose the vulgarization of the idea of the United States of Europe.

"Vitality and the confluence of circumstances will ensure us a long life in this world, the capability of dialectical adaptation, and immortality through reincarnation, and so the question of the legitimate successors of Laibach is superfluous. In the sense of specific 'political' action, we are still the sowers of doubt and despair, and the architects of a new spirituality."

All the interviews took place between 6 and 14 August 1989.

## CZECHOSLOVAKIA

### Problems of Economic Imbalances Viewed

24000174C Prague RUDE PRAVO in Czech  
12 Aug 89 p 3

[Article by Vaclav Marek: "What About Economic Imbalances?"]

[Text] Some of the letters which we receive on various questions about restructuring the economic mechanism deal with economic imbalances. Just what are they, why do they tie our hands, and what relationship does restructuring have to them? Is a change in the mechanism a necessary condition for restoring balance to the economy or, on the contrary, is it necessary first of all to create balance and then carry out the restructuring? These are the most frequent questions and concerns of the readers.

The economists truly rate our economy as unbalanced and inadequate. What does this mean? First of all the fact that the demand ready to buy continuously exceeds the capability of the resources to meet the demand. More money is coming into the economy than corresponds to the amount of goods and services created and so something is always lacking that the customer wants and has the money for. This is true not only of the consumer market, but also the quantity of investment capital, demands for raw materials, machinery, etc.

The imbalance is thus perhaps the greatest malady which our economy suffers. It is also connected in one way or another with many other difficulties whose causes we seek all at once everywhere other than in the imbalance. We talk, for example, about deficiencies in the customer-supplier relationships. We find countless examples where the supplier thoughtlessly dictates his conditions and no one argues with him. Often it is presumed that here we perhaps will get by with strengthening morality, a stricter response to disorder, arbitration, etc. Unfortunately we convince ourselves that the rode to basic adjustments does not lead there. Economic imbalances is still in the background here as well. When the demand exceeds the supply, the supplier is always the boss in the situation, especially if he has a monopolistic position. No regulations change anything in this situation.

Economic imbalance also affects such an important area as research and development. We envy the innovative activities of foreign companies and their interest in the customer, for whom they literally try to do everything possible. How abysmally different the attitude of our enterprises often is. Often the causes are sought in better planning, management of technical development, connecting production up with the R&D base, or in less strictly controlled state experimentation. However, we always run into the same problem—the enterprises have no interest in innovation and nothing is forcing them into it. What will bring change? The true solution lies in having the customer to be not the plan, but the user whose desires will be met. And again we come to the

conclusion that without economic balance we will not get any further even in technical development.

Obviously the excessive demand over supply does not create a burden just for the economy. The shadow economy, the black market, two sets of prices, the official one and the one that you can get for scare goods, are all caused to some extent by economic imbalances. This is an evil not only for the economy, but also for morale.

It is clear from the above that we will have difficulty in raising our economy to greater performance if we do not restore its balance. Only, how do we do this? The economists' discussions are mainly about what the relationship is between imbalances and the mechanism of restructuring. Two extreme opinions have been formed. According to one, the restructuring is a necessary condition for restoring balance and according to the other it is essential to first restore balance and then begin with the restructuring because the disproportions will foil the intentions of the new mechanism. This are the two poles of the concept which attempts to solve the problem in a radical, but still logical, manner as if someone was trying to find the answer to the questions of what came first, the chicken or the egg. It is obvious that the path does not lead to the extremes and it is necessary, on the contrary, to find a way to bring the two opinions together.

Without restructuring, restoration of balance is really not possible. Why? Some economists object that we can avoid some of the causes of the imbalances even with the current mechanism. They argue that there are also influences disrupting the balance which are external and do not stem from the mechanism, such as the growth in the price of raw materials in the foreign markets and their resultant difficult accessibility. This is indeed true, but such influences can only temporarily disrupt the balance. The mistake is in the fact that the currency system of managing the economy constantly reproduces an imbalance and reinforces it and must therefore be changed.

On the other hand, we cannot pretend during restructuring that we have a balanced economy and not reckon with the imbalances. That is the other extreme. The degree of imbalance actually changes many of the ideas about the effect of new elements of management. Let us take, for example, how the new criterion for evaluating the enterprise's work, profit, will function. We assume that the organization will achieve it by reducing the costs, innovation, and the selection of a product line which best satisfies the customers' demands. But this is how a manufacturer behaves in a balanced economy where there is no room for deviation from limited opportunities. But what about in an unbalanced economy where demand triumphs over supply and the supplier over the customer, where there is no competition? In that case there are many other paths to profit which do not benefit society, but are much more easily achieved such as pressure for increasing prices without regard for the useful properties of the products or setting up a production program which is advantageous only for the manufacturer.

The economists also point out other ways whereby the new mechanism affects imbalances. For example, merit compensation. Restructuring assumes that more and more of the wage resources will be bound to the actual economic results of the organizations and making a profit. But is this correct when the enterprise improves its results through the advantages which the imbalances provide it. Where is the merit of the collective in this?

We therefore have before us a task much more complex than the above two variations. Economic balance is not possible without the new mechanism and on the other hand the new mechanism cannot function to the full extent without balance.

How then to gradually, but steadily approach economic balance? We should increase supply and decrease demand. That is the theoretical solution. Increasing supply, however, presumes carrying out structural changes, modernizing the production base, etc. This takes time. Therefore the temporary acceptable and necessary solution is to limit purchasing power and to limit those resources which are not supported with realistic values. This can understandably be done by various methods. Some measures have already been taken. For example, there was the decision on stopping construction starts. These are definitely not the most popular actions in the economy, but under the given conditions they are obviously essential ones. They cannot, however, be the permanent solution because they are administrative restrictions which broadly affect everyone, both effective and ineffective production.

In restructuring the economic mechanism it is necessary first of all to find new methods of limiting demand, ones which block access to resources only for the laggards, for those enterprises which are not capable of paying the interest on them. Primarily this means limiting the access of organizations and employees to unearned money, mainly through the price system. Money must literally be expensive and must be acquired only by demonstrated effectiveness. It is therefore necessary to terminate the practice which economists have given the name of self-service credit, that is, the situation where the enterprise received credit almost automatically even despite clearly uneconomical and ineffective operations. The greatest part of economic relations must therefore be carried out at the enterprise to bank level on the basis of entirely clear calculations: you get the money, but how and when do you pay it back? It will likewise be necessary to proceed in a much more thoughtful manner with the various subsidies for production. Easily acquired money thus represents a nonpayment subsidy which often has no relationship to the actual results. Only a society where the manufacturer gets nothing free, but only as a result of his work, can prosper. There are more measures of a similar type for restoring balance to be found in the new mechanism.

It obviously is not just a matter of the structure of rules themselves. Not just the mechanism must be strict in the proper sense of the word, but economic and political

decision-making must also be thorough, uncompromising, and to the point. This too is an essential part of the measures to restore balance.

It may understandably occur to someone to ask why it is necessary to take such complex and drawn-out steps to achieve balance and whether it would not be better to restore economic balance simply by the free movement of prices in the market. This is indeed a rapid and simple way!

Prices will obviously also have a key role in restoring balance. In a recent survey of the favored method of sales some readers, for example, leaned toward having the prices increased to the level of supply and demand and they gradually lowered as the supply grew. This can be equated to the view that prices must be flexible and correspond to the situation in the market. It is, however, also necessary to consider what state the market is in, what relations govern it, what here is actual competition between manufacturers.

Totally free prices regulated by nothing could perhaps rapidly equalize supply and demand. The difficulty is that they are not the only means for restoring balance and if the mechanism which continuously pumps more money than created value into the economy is maintained, then prices will indeed restore a balance again, but at a constantly higher and higher level. From there it is not far to the onset of full-blown inflation.

This is the main point. Moreover, we also cannot forget what our current domestic market is really like. Rational market prices can be created only under conditions of competition. But do we have a truly competitive market or does the monopoly of the producers predominate? Will it not be more advantageous for the producers to maintain the shortage of products and with it their higher prices than to increase the supply? And are the conditions right for us to have other competing manufacturers enter into branches where there is a shortage of supply and expand productions and restore the balance through this increased supply at lower prices? It is not just a matter of the various administrative barriers which prevent them from doing this, but also the fact that so far there has not been created a sufficiently flexible mechanism which would make a claim for the rapid shifting of the essential resources to begin production. With the current imbalances the market price would therefore be more than is healthy, speculation would spread, and as a consequence of it the imbalances would intensify even more.

Finally, true competition is not even possible in a narrow national market where it is always limited. Even capitalism was finally convinced of this. The fight for customers will be possible up until when the buyers and sellers have a free choice of partners in the international market. However, an exchangeable currency, etc. is also necessary for this and all this takes time and, mainly, resources.

## Restructuring of Economic Mechanism Summarized

24000174A Prague DOKUMENTACNI PREHLED  
in Czech No 14, 1989 pp 23-25

[Unattributed article: "Fact: Restructuring of the Economic Mechanism in the CSSR"]

[Text] In the interest of further raising the population's standard of living, the 17th CPCZ Congress laid out the strategy of accelerating the CSSR's economic and social development. The decisive condition for acceleration is intensification of the development of the national economy. This is not, however, attainable with the existing economic mechanism corresponding to an extensive type of economic development whose reserves have already been fully exhausted.

For this reason in January 1987 the presidium of the CPCZ Central Committee and the CSSR government approved the document "Principles of Rebuilding the CSSR's Economic Mechanism" which laid out the basic tasks in the transition over to the new type of planning and directing the economy under the conditions of intensive development. The principles of the restructuring were worked out in detail and made specific in CSSR governmental decree No 29/1988 "A Directive on Carrying Out a Comprehensive Restructuring of the Economic Mechanism."

### The Comprehensive Experiment

A month before approval of the principles of restructuring, in December 1986, the CSSR government in its decree No 321/1986 approved the "Principles of and Responsibility of Economic Organizations for Effective Development." The comprehensive experiment, in which organizations have gradually been joining in since the beginning of 1987, serves as a practical verification of the new method of management and planning stated in the principles of restructuring. At the 7th Plenum of the CPCZ Central Committee in December 1987 the timeline was worked out for a gradual transition of the entire national economy to the new method of planning and management by 1 January 1991. The CSSR government, however, came out in its program announcement of 8 November 1988 for an acceleration of this process by 1 year, which means that the entire Czechoslovak economy will fall under the new economic mechanism starting 1 January 1990. The speeding up of this process obviously brings on a number of complications, but it thus shortens the period when the old method of planning and management stops operating and the new one is then put into effect.

### Further Experiments

The first 113 budgetary and contributory organizations are experimentally operating economically in accordance with the new rules on the basis of CSSR governmental decree No 98/1988 "Principles of the Experiment

for Verifying the New System of Planning, Financing, and Material Incentives in Budgetary and Contributory Organizations."

A further experiment has been put into effect gradually since 1 January 1987 in local production and service enterprises, since 1 January 1988 experiments have been taking place in some state trade enterprises and consumer cooperatives and in all public dining enterprises, and from 1 January 1989 the new rules of management are being applied to the entire domestic trade.

### State Enterprises

A very important element of the restructuring is the new concept of relations between the central agencies and the enterprise sphere. The newly conceived socialist enterprises and cooperatives managed directly by the central agencies without trade union or territorial intermediaries are becoming a basic link in the national economy. There is thus a transition taking place from three-level to two-level management. This reorganization is taking place in accordance with CSSR governmental decree No 40/1988 "Principles of the Restructuring of the Organizational Structure of the Enterprise Base and Relocating and Material Incentives for the Employees Released." In keeping with this document it was decided to form 412 state enterprises by 1 July 1988 and 1,130 state enterprises by 1 January 1989. Others are supposed to come into being during 1989.

### Legislative Measures

The transition over to the new economic mechanism cannot be made without changes to a number of laws and directives applicable to the existing, predominantly administrative method of managing the national economy. The following more important laws have already been approved in conjunction with the restructuring:

- the law on state enterprise (in effect from 1 July 1988);
- the law on agricultural cooperatives (in effect from 1 July 1988);
- the law on housing, consumer, and production cooperatives (in effect from 1 July 1988);
- the law which changes and supplements the economic legal code (in effect from 1 July 1988);
- the law which changes and supplements the law on economic arbitration (in effect from 1 July 1988);
- the law which changes and supplements the law No 42/1980 of the Sbirka on economic contacts abroad (in effect from 1 July 1988);
- the law on social support (in effect from 1 October 1988);
- the law on enterprises with foreign asset participation (in effect from 1 January 1989);
- the law which changes law No 144/1970 of the Sbirka on the State Bank of Czechoslovakia (in effect from 1 January 1989);
- the law on agricultural taxes (in effect from 1 January 1989);

- the law which changes and supplements law No 161/1982 of the Sbirka on payments from the state budget and law no 164/1982 of the Sbirka on income taxes (in effect from 1 January 1989);
- the law which changes and supplements the legal code for labor (in effect from 1 January 1989);
- the constitutional law which changes constitutional law No 126/1970 of the Sbirka on measures in the system of federal central agencies, the heads of which are members of the CSSR government (in effect from 1 January 1989);
- the law on the jurisdiction of the federal central agencies of state administration (in effect from 1 January 1989).

There will also be approved a new law on national economic planning, a law on the distribution of the labor force, a law on small-scale entrepreneurship, a new law on inventions, etc.

By 1 January 1989 there had been a comprehensive restructuring of wholesale and purchase prices put into effect and a single-element koruna rate was introduced for trade and noncommercial payments. On the same date the new economic mechanism began to be fully applicable in the entire agricultural and foodstuffs complex, public dining, and domestic trade.

Midway through 1989 the CSSR government will discuss the first proposals for structural changes in the national economy, mainly in metallurgy, engineering, and the energy field. A number of other measures are also being prepared, including restructuring of the payment and tax system, modification of the depreciation standards and the method of depreciating fixed assets, gradual implementation of the program of subsidy reductions and equalization of the differing starting bases of organizations, rationalization of the turnover tax, splitting off the issue and credit commercial activities of the banking system, etc.

### Need for New Foreign Currency Rules Discussed

24000174B Prague FINANCE A UVER in Czech  
No 6, 1989 pp 361-365

[Article by Dr Sona Mojziskova, CSc. and Eng Pavel Parizek, Federal Ministry of Finance: "On the Principles of the New Foreign Currency Regulations"]

[Text] The necessity of new adjustments to the foreign currency legal relationships was created by the requirements of carrying out tasks of restructuring the economic mechanism in the field of foreign currency. One of the important factors for a dynamic and balanced development of the Czechoslovak economy is giving precedence to the role of economic tools of management over the administrative and centralistic forms. In the field of foreign currency this means above all the introduction of the *khozrazchet* principle of self-financing into the enterprise sphere just as this principle is embedded in the law on state enterprises and in the law on cooperatives.

The hard currency regulations currently in effect were issued at the beginning of the 1970's and embody such forms of management of hard currency as that time demanded. In the 19 years that have passed, however, there have been a number of changes in both the economic and political fields and great developments in the contacts between the socialist and nonsocialist states. These changes have demonstrated the necessity of reevaluating the basic rules of managing external economic relationships.

Legal entities and individuals will only have an interest in acquiring foreign currency resources for the needs of the Czechoslovak economy if they get an economic benefit or contribution from the resources produced. This rule of material interest is the basic change in comparison with the existing method of handling foreign currency resources, whose principle was an absolute mandatory offering of them.

The main tool for managing foreign currency will continue to be the hard currency plan. In contrast to the existing concept of this, however, the hard currency plan has undergone basic changes as far as its content, form, and particularly the method of applying it in the national economy are concerned. While earlier all foreign currency receipts and expenditures of the state were accounted for centrally and written off to the individual organizations authorized to carry out foreign activities and to the foreign currency banks, in the new concept of the foreign currency plan new elements of managing foreign currency in the enterprise sphere are applied on the basis of foreign currency self-financing. The construction of the foreign currency plan starts with the assumption that the enterprise sphere will cover the predominate part of its foreign currency expenditures from its own foreign currency resources which remain available to it in accordance with the established foreign currency standards, payments, and subsidies. The state's central foreign currency fund will thus balance out only that part of the foreign currency resources by which the enterprise sphere will carry out its obligations to the center.

These resources will be used to cover those foreign currency expenditures of the state which have a significance for society as a whole, for example, imports for health care, domestic trade, defense and security; imports of machinery and equipment for important tasks of the capital construction plan; imports for the nonproduction sphere, etc.

The foreign currency plan will likewise respect the new principles of handling government credits from economic aid in that an obligatory partial balance will be established for this area in the form of an independent planning circle under the responsibility of the federal ministry of finance.

In the system of foreign currency self-financing by the enterprise sphere where less and less foreign currency

resources will be redistributed through the central foreign currency fund, the question of adequacy of foreign currency reserves of the state takes on more importance. Their development will therefore be likewise followed in the independent plan circle.

Another basic new element of the foreign currency law which will reflect the newly introduced principle of foreign currency self-financing of the *khozrazhchet* sphere will provide the opportunity of opening foreign currency accounts in the foreign currency banks for domestic legal persons handling foreign currency. The principles of the new foreign currency adjustments create an opportunity for setting up foreign currency asset accounts, but do not exclude an institution for foreign currency demand accounts which appear within the system of foreign currency standards, payments, and subsidies.

The principles of the new foreign currency law likewise allow for the possibility of trading in foreign currencies, but that right is reserved to the foreign currency banks. In practice this means that there is the assumption of the possibility of setting up a foreign currency market organized by the foreign currency banks over which the State Bank of Czechoslovakia and the federal ministry of finance will keep watch. The proposal for setting up a limited foreign currency market is already currently being discussed. In the first stage it would be a matter of a limited foreign currency market which will serve to acquire adequate foreign currency resources for the enterprises which urgently need foreign currency from the enterprises which have sufficient free foreign currency resources in their accounts. At the same time it is assumed that foreign currencies will be bought and sold on this limited foreign currency market at the prices (that is, rates) which will express the instantaneous status of supply and demand on the market and thus will be higher than the official commercial rates.

The new foreign currency law also creates the prerequisites for the foreign currency rate to become an important economic tool for the management of foreign currency dealings. The foreign currency rate should serve as one of the criteria for operational and strategic decision-making at the level of the enterprise sphere and the center as to production and investment intentions in the individual departments and branches of the national economy.

The government of the Czechoslovak Socialist Republic will be in charge of managing foreign currency dealings and establishing the principles of foreign currency policies. Carrying out the foreign currency policies, especially from the standpoint of the balance of payments, will be the responsibility of the State Bank of Czechoslovakia and within the jurisdiction strictly laid out by the new foreign currency regulations likewise the federal ministry of finance and the ministries of finance, prices, and wages of the republics.

The existing foreign currency legal system requires a foreign currency permit to enter into an obligation to a

foreign currency entity outside the country. According to the proposed legal system it will be possible for a domestic legal person dealing with foreign currency to negotiate a monetary obligation to a foreign currency entity outside the country either to the extent of the foreign currency resources which are deposited in the foreign currency accounts in Czechoslovak foreign currency banks or allocated from central sources, or to the amount of the credits provided to the legal person by a Czechoslovak foreign currency bank. In cases where the domestic foreign currency entity can enter into a contractual obligation to a foreign currency entity abroad, it can also make payments abroad.

International agreements on reciprocal accounting in national currencies are already signed or being prepared in the new form for negotiating monetary obligations. The agreement between the CSSR and the USSR is already in effect, as is the one between the CSSR and Bulgaria, and work is being done on reaching an agreement between the CSSR and Poland.

The obligations of domestic holders of foreign currency to report their foreign currency holdings in foreign currency documentation, to see to protecting their claims, and to effect without delay the legal steps necessary ensure that the mature claims are transferred from abroad into this country will remain in effect without any great changes. Significant changes will effect the legal system of mandatory offers. The mandatory nature of offers for legal persons will be in the form of their relationship to the central foreign currency fund which will be expressed by the important indicators of the foreign currency plan in the form of foreign currency standards, payments, and subsidies. The foreign currency resources which remain for the legal persons after fulfillment of their obligations to the center can be left in their foreign currency accounts set up with Czechoslovak foreign currency banks and they can freely dispose of them both domestically (the limited foreign currency market) and abroad (foreign trade operations).

Domestic foreign currency holders who are actual persons will be given the right directly in the law to use foreign currency resources in freely exchangeable currencies which they receive from abroad in a foreign currency account with a Czechoslovak foreign currency bank. Resources deposited in foreign currency accounts will bear interest according to the conditions established by the State Bank of Czechoslovakia. The domestic foreign currency holder does not have to meet the mandatory supply provisions for those foreign currency resources, that is, those deposited in an account with a Czechoslovak foreign currency bank.

The so-called free boundary below which the domestic foreign currency holders who are actual persons do not have to carry out the mandatory supply provisions will also be new established. This involves smaller amounts of currency from socialist and nonsocialist countries, usually in coins. The legal system in this case will adjust to practices since the domestic foreign currency holder

who goes abroad as a rule does not return small amounts of foreign currency to the foreign currency banks and again exports it on the next trip out of the country. It is therefore useful to give this practice legal standing. The foreign currency resources which will form the so-called free boundary and will not be subject to the mandatory supply provisions will thus be likewise freely taken abroad by the domestic foreign currency holder.

Eight months before the new foreign currency regulations go into effect there was a further liberalization of the foreign currency accounts of actual persons. All changes in this area which took place with effect from 1 May 1989 will be included in the new foreign currency regulations. This will maintain the important legislative principle that all regulations which affect the rights of citizens must have the form of a generally binding legal regulation. In doing this there may be a further mitigation as compared with the currently applicable status. For example, it is expected that there will be a total cancellation or at least a further reduction in the limit required to open a foreign currency account, which as of 1 May is set at US \$300 or the equivalent sum in another freely exchangeable currency.

If ready cash accumulates in a foreign currency account, there is no longer a requirement to demonstrate the legality of offering foreign currency. If foreign currency accumulates in the domestic holder's foreign currency account from a foreign depositor, he does not any longer have to submit either a gift declaration or his person report.

A sum of US \$10 per person per day (half that for children up to age 12) is sufficient for private tourist trips abroad and the maximum limit for spending per day has been abolished. The account holder can, on his own decision, spend up to the amount remaining in the account during his trip abroad. Resources from foreign currency accounts can be used for private tourist trips to all countries in the world except Bulgaria, Hungary, the German Democratic Republic, Poland, Romania, and the USSR. The reason for this action is the fact that for the countries listed the foreign currency bank or the state savings bank will directly provide the person interested in the tourist trip with the currency of the country being visited and the limits on spending are sufficiently high with the exception of Hungary, where limits are in effect for the time being.

It is possible to order goods and services from foreign currency accounts at this time basically only through PZO [foreign trade enterprise] Tuzex; without going through this organization it is possible only if it involves a purchase of goods up to a value of US \$100. These small purchases can be made and also repeated according to the needs and interests of the account holder. Without going through PZO Tuzex one can also pay bills directly from the account for orders of medicines and health needs, books, sheet music and magazines, and also every kind of goods when PZO Tuzex issues the requestor with a confirmation that it cannot

obtain the goods requested. The account holder can also pay for services of the Czechoslovak travel agencies and the Czechoslovak airline from the foreign currency account.

One can predict that in the future other organizations besides PZO Tuzex will provide the middleman services for holders of foreign currency accounts on the basis of permits which the federal ministry of foreign trade is authorized to issue to those organizations.

There will not be substantial changes in the concept of export and import of foreign currency resources. The principle will continue to apply that importation of foreign currency resources into this country will be free for both the domestic and the foreign holders of foreign currency. For the foreign holder of foreign currency the rule for exports will be that he can export the foreign currency value that he imported into the country or earned in the country in a legal manner. For the domestic holder of foreign currency the rule will be that he can export the amount that the Czechoslovak monetary institute sold him, which come from his own foreign currency accounts or the foreign currency accounts of persons close to him, and the foreign currency resources which the Czechoslovak monetary institute did not buy from him in his fulfillment of the mandatory offer and gave him permission for export. As was stated above, the domestic foreign currency holders can likewise export resources up to the amount of the so-called free boundary. The principles of the new foreign currency law presume that the so-called free boundary will also be established for foreign holders of foreign currency coming into Czechoslovakia with a certain small amount of Czechoslovak korunas. Practice likewise in this case calls for a change in the existing strict regulations. Under the conditions of a developed foreign tourist traffic it is not possible to prevent small amounts of Czechoslovak money which the foreign visitors had left over from the last trip from being brought into the country.

The restructuring of the economic mechanism presumes that a number of production enterprises which up until now have traded abroad through the foreign trade enterprises can request a permit for foreign trade activities which, if they get the permit, they will also be able to perform without the intermediary action of the appropriate foreign trade enterprise. Under those conditions the importance of foreign currency control which will basically be performed by the foreign currency agency which will be entrusted with the foreign currency jurisdiction will increase. In the predominate majority of cases this will be the State Bank of Czechoslovakia which will carry out the foreign currency authority and jurisdiction in relation to all the economic organizations. In relation to actual persons the foreign currency jurisdiction will belong to the ministries of finance, prices, and wages of the republics and in relation to the budgetary and contributory organizations the foreign currency authority has not yet been decided. It will either be performed by the federal ministry of finance and the two ministries of finance, prices, and wages of the republics

(with regard to the relation of those organizations to the state budget) or the State Bank of Czechoslovak just as for the other legal persons.

The content of foreign currency audits will be a systematic checking out as to whether and how the legal and actual persons are meeting the obligations placed on them by the foreign currency law and regulations issued for its execution. Within the framework of the foreign currency auditing legal persons will likewise give an accounting as to how they are carrying out tasks arising from mandatory withdrawals of the foreign currency plan. All subjects of the foreign currency legal relations, both actual and legal persons, will have the duty stated right in the law for cooperation with the agencies who perform foreign currency control to the necessary degree.

The foreign currency forecast which the federal ministry of finance will produce for the foreign currency agencies (that is, for the State Bank of Czechoslovakia and the ministries of finance, prices, and wages of the CSR and SSR) will also have great importance. The content of the foreign currency forecast will be the federal ministry of finance's confirmation of whether the foreign currency agencies are performing their duties in keeping with the foreign currency regulations and carrying out the foreign currency policy in accordance with the principle approved by the CSSR government.

The foreign currency law, like the majority of the "restructuring" regulations which have not yet been published, is supposed to go into effect on 1 January 1990.

## HUNGARY

### Diverse Views of Privatization Crisis Presented

#### Pros, Cons of 'Transformation'

25000483 Budapest HETI VILAGGAZDASAG  
in Hungarian 30 Sep 89 pp 66-68

[Article by Pal Reti: "The Sale of State Property: Goods Acquired the Improper Way"]

[Text] Medicor, Tungsram, Ganz-MAVAG, Apisz ... the shade of suspicion has hovered around these enterprises ever since it was revealed that ownership of some or all of their assets were transferred from the state to corporations. Only a year ago, privatization was regarded as a glorious reform idea; today privatization is increasingly considered to be a means of salvaging the power of managers and functionaries, or as the ruling political elite converting its capital. Could it be that only a single path leads from socialism to capitalism, and that that path is not passable?

Several parties and organizations have issued outraged statements in recent weeks demanding urgent action to prevent the "squandering" of state property. Nevertheless, no shocking examples to prove the fact of wasteful management were provided. Difficulties in gaining

access to information could explain the lack of evidence, of course. At the same time, however, it is remarkable that government executives cautioning against turning managers into owners do not contain specific examples either, examples that would raise concern.

Observers regard transformations completed thus far as illustrations rather than proof. They demonstrate potential opportunities that exist in situations when managers and enterprise councils decide to sell or transfer property to corporations—property that does not belong to them.

The first such spectacular transformation (HVG No 15, 1988) is now referred to simply as the "Medicor model." The main threat envisioned in this model is that a decisive majority of the stock was transferred to the central enterprise which operates as a holding corporation, and that a few dozen employees of the holding corporation act as "quasi capitalists" in disposing over the property. Unlike real capitalists, they risk nothing of their own. Relative to the sale of half the Tungsram stock abroad (HVG No 21, 1989) the main concern was that the personal financial interests of certain enterprise managers did not necessarily coincide with the appreciation of enterprise and national assets. Thus, in the framework of the new corporate structure they may wastefully sell out the enterprise. Finally, in the case of Apisz (HVG No 36, 1989) one could witness the transformation of managerial power into capital ownership.

Legal provisions in force contain a multitude of additional "tricks," according to observers. For example, with a few million forints of their own capital, several enterprise managers flirt with the idea of attracting foreign partners to form mixed nationality enterprises. These enterprises would then lease industrial plants belonging to the state enterprise for a period of 20 years. In this way a private investment of a few million forints could control several billions of forints worth of state property.

Nevertheless the pragmatic viewpoint regarding this matter is held mostly by businessmen—buyers, sellers, and intermediaries—interested in transformation. They believe that despite all the above it would be a shame to interfere with the ongoing spontaneous processes. These businessmen admit that it is possible to acquire state property at bargain prices today, but the fact that even along with the low prices foreign investors do not stand in line to buy such property serves to prove that political risks attending investments in Hungary can be offset through capital depreciation only. Pragmatists claim that property is better off in the hands of virtually any private owner, than in the hands of the state. To argue the absurd, enterprises would perform better than they are now even if they were transferred free of charge to present enterprise managers desirous of becoming private owners. The state would collect more revenues, workers would earn a higher income, and everyone would benefit.

But the above does not reflect the present condition. At most we are dealing with a situation in which enterprise managers have a potential to acquire a significant share of the property, alternatively with a scenario in which enterprises would be sold to buyers who guarantee to continue managers in their positions, rather than to the highest foreign bidder. On the other hand, "radical pragmatists" believe that new owners would get rid of the old managers the moment they discovered that they were unfit. At most, the new owners would continue to pay the old managers' agreed-upon salary for a while.

Finally, businessmen interested in transformation believe that it would be absurd to assume that the communist party state is able to sell the property in any rational manner. After all, the communist party acquired its property 40 years ago by taking it away without compensation from previous owners, and often by physically annihilating those previous owners, and has been unable to operate that property in an efficient manner ever since. "Radical pragmatists" believe that this property will be "squandered," but at least thereafter a normal economic order can be restored. There will be owners; profits, tax revenues, and wages will increase; and the damage stemming from transformation will be added to the bill to be presented to the communists for their 40 year-rule, the argument concludes.

None of the political forces could accept this line of argument, of course. The mildest opposition party demand was defined by the Alliance of Free Democrats [SZDSZ], the organization which regards a market economy based on private capital as more important than any other economic principle (see the interview below). The "middle-of-the-road" Hungarian Democratic Forum [MDF] which cautions against dangers implicit in the influx of foreign capital demands more stringent regulations: the establishment of financial institutions to manage state enterprise properties other than the property of public service enterprises, parliamentary control over transformation, and the appointment of a government commissioner to oversee privatization.

The government is caught in a cross fire. Months ago its own executives called attention to the "legally sanctioned" danger of managers becoming owners. And by now the opposition has rendered the issue of transformation a national cause. At the same time the government and its offices are not only unable to manage transformation processes, they do not even have the fundamental information that would be needed to act. The Ministry of Industry for instance, which in earlier days recorded the slightest move made by enterprises, is unable to provide even approximate figures as to the number of enterprises, and the extent to which these enterprises placed their assets into stock and limited liability corporations. The ministry claims that a privatization law which provides veto power to an institution charged with the supervision of state property is needed. (It should be recalled that although the enterprise law of the mid-1980's promised to clarify ownership rights, it

was unable to do so. In subsequent years the Law on Business Organizations delegated the task of clarification to the Law on Transformation. In turn, the Law on Transformation made a further delegation to the state property trust yet to be established. Under these circumstances one can understand why observers are skeptical about further laws that will be enacted regarding this subject.)

Leading government executives and opposition experts agree that the sale of state property, and the transfer of state property into corporations, should be made public in order to enable the exercise of societal control. In business circles, however, one is reminded of the fact that individual business transactions of this nature are complicated, that they could not be reviewed by outside "societal controllers," and that a potential external veto would scare investors away.

Based on certain expert opposition statements, one may conclude that the opposition sees a need to slow down or to halt the transformation process in hopes that the new government to be established after the free elections would be able to efficiently operate state property. Nevertheless the question remains: Is it worthwhile to dig further in, and seek exits out of the pit of a perhaps nonexistent ownership crisis? Would it not be simpler to climb out of the pit, even at the price of suffering some bruises?

#### SZDSZ Leader Interviewed

25000483 Budapest HETI VILAGGAZDASAG in Hungarian 30 Sep 89 p 67

[Interview with Marton Tardos, SZDSZ leader, economic researcher, and Financial Research, Inc. president: "Should He Take It If He Caught It?" date and place not given]

[Text] The public is concerned that state property will be squandered in the course of transforming state enterprises into stock and limited liability corporations, or at the minimum that such property will pass to unauthorized hands. We asked Marton Tardos whether these concerns were well founded. He is an "authority" on this subject based on three of his capacities. First, Tardos is an economic researcher. Second, he is president of Financial Research, Inc., a corporation interested in transformation. Third, he is one of the leaders of SZDSZ, a party which professes to be a committed market economy advocate.

[HETI VILAGGAZDASAG (HVG)] Do you see anything objectionable about state enterprises transforming into corporations?

[Tardos] A significant part of the related outrage is unfounded in my view. Many people do not recognize the fact that the transformation of state property into corporate property is likely to produce much more benefit than the loss caused by suspect transactions. Transformation is urgent because at present economic

losses suffered by state enterprises and by large cooperatives have increased. These losses increased not only as a result of the nature of the system—the fact that these enterprises and cooperatives were wasteful from the outset—but also because by now they are no longer controlled even by their own logic.

[HVG] It is not certain that the outrage is prompted by the fact of transformation. Many believe that state property will be transferred to unworthy hands.

[Tardos] The fundamental issue pertains not to the person who will manage the property, but how he will manage it. Whether we like it or not, it is quite natural that many of those close to the fire will remain in leading management positions. Today's enterprise managerial stratum may salvage itself in the course of transformation, but the important thing is that these managers manage the enterprises properly, that control over managers exists on the basis of clear-cut criteria, and that they be dismissed if losses occur. From the standpoint of efficiency it is even more important that those who carry decisionmaking authority shall also assume some risk by investing some of their own assets, or that they pledge their houses, their lots, or their cars as collateral to the enterprise.

[HVG] Do you believe that governmental and societal control over the transformation process is necessary? Many recent suggestions were made also by opposition parties to this effect.

[Tardos] Unlike many other organizations, the SZDSZ does not even bring up ideas like the suspension of transformation or the renationalization of autonomous enterprises. On the other hand, we recognize a need for an administrative institution controlled by Parliament or by the government, to have authority to prevent the sale of state property beyond certain accurately circumscribed limits. One situation that would fall under the authority and jurisdiction of such an institution would involve a case in which the selling price of the enterprise is lower than the combined total amount one could receive by selling the individual partial units (machinery, lots) owned by the enterprise. Along with this, the controlling organ should have an opportunity to veto cases in which the sales price is lower than the value of enterprise assets estimated on the basis of the past three years' profits of the enterprise.

[HVG] Are you not concerned that any administrative interference could retard the transformation process, and that interference would deter the investment of foreign capital in Hungary, for which there are not too many prospects anyway?

[Tardos] It is very difficult to judge nowadays just what would cause a greater loss: throwing the reins to the horses, or trying to catch the reins which cannot be caught. Doubtless, the disadvantage of our proposal is that an administrative institution is being injected into business transactions. At the same time, however, it would be expressly beneficial if strengthened control

could relax the excitement that surrounds privatization. Equally, under today's confused conditions it would not hurt to define enterprise rights and the method of their control. By confusion I mean for example conditions in which foreign investors are unable to tell with whom to negotiate the purchase of an enterprise: an enterprise council of unclear authority, or someone else. On the other hand, I disagree with the idea that privatization should be slowed down temporarily, and that state enterprises should be subject to state direction more stringent than today. True, it would be beneficial if the government prepared for privatization by making enterprises more attractive, the way the Thatcher government did in England. This path cannot be followed here in every instance, however. Privatization pursued in this way may be successful only if the proportion of state property in relation to national property is small, and if the government is strong. This failed system is unable to control state enterprises today even to the extent it did yesterday. It is incapable of preventing the erosion of state property. For this reason quick, and on occasion not well prepared, transformation is unavoidable.

Viewed from a different standpoint however, I do not regard today's Hungarian private economy as rational management at its peak. After all, private capital is not being invested at present; private parties withdraw and consume the bulk of their profits. Accordingly, together with privatization we need regulations to stimulate private investment, and the requirements of capital return must be enforced. This could take place e.g. by not having to pay taxes after investing in an entrepreneurial venture, but by enabling investors to take a vacation or buy a BMW only from the taxed amount, i.e. one-half or one-third of the original income.

#### Deadlock at National Talks

25000483 Budapest HETI VILAGGAZDASAG in  
Hungarian 30 Sep 89 p 68

[Article by Gyorgyi Kocsis: "Mid-level Confusion"]

[Text] Bonfires celebrating the conclusion of the first round of political mediation talks are still glowing, but the "national triangle" has already thrust itself into the second half of the game, debating economic issues. The difference between the definition of functions of the two mid-level committees—"principles and rules for the implementation of political transition" for the first, and "the strategic tasks to overcome the economic and social crisis" for the second—indicates that even if Act Two is considered a success, its accomplishments may be far more modest. This is because the functional mechanism of the economy can hardly be influenced by declarations, and in many instances it is difficult to exert influence even by way of laws and regulations.

The resulting hesitation could already be sensed at the first public meeting of the mid-level economic committee last Wednesday. Its primary purpose was to hear six subcommittee reports concerning their activities during the past 3 months. Hesitancy is probably due to

the fact that participants have difficulty in deciding whether they should formulate economic policy, or write economic regulations.

The rather pronounced conceptual confusion could be sensed mostly from statements emanating from the third side. It announced outright conditions for negotiations, this being a statement to be made by the other two negotiating sides concerning their positions regarding tasks related to seven key economic issues. These included all the difficult problems that face the Hungarian and economy and society, ranging from unemployment to inflation and the pension system, and from housing matters to the structural problems of settlements. Incidentally, the third side continues to be in a state of "flux." Following a walkout from political negotiations by the National Council of Trade Unions [SZOT]—the most substantial participant on the third side—SZOT has returned to the economic talks. Despite this, however, the third side instantly announced its intention to suspend participation unless it receives a response to the seven questions. The third side failed to say what it would do with the response, once received.

Although working committees were established 3 months ago, the reports disclosed that a majority of the subcommittees met only two or three times, and that they reached the point of acquiring information and assigning topics. It would appear that things are already moving slowly at the beginning. Opposition Roundtable and third side participants in almost every subcommittee complained about failing to receive statistical data and information to serve as a starting point. The odd situation is characterized by the fact that the Opposition Roundtable and the third side must "borrow" from the MSZMP information needed for the review of the four large investment projects (Nagyvaros, Paks Nuclear Plant, World's Fair, and Tengiz works). The MSZMP is one of the negotiating parties. At the same time the MSZMP claims that it is "unable" to hand over the requested documents because of their secret classification. This situation was revealed in a report presented by Laszlo Toth (third side), spokesman for the subcommittee concerned with economic crisis management. The absurdity of the situation was aggravated by the fact that the party "does not always regard the request for information as warranted," to quote the MSZMP member on the subcommittee. The MSZMP's monopoly on information is a source of conflict in virtually every committee. Apparently the MSZMP's failure to prompt its own government to relax the secret classification of data is tantamount to purposely rendering negotiations impossible. This in turn could raise questions about the sincerity and the sense of the political agreement believed to be an accomplished fact.

Rumors leaked about behind-the-scenes violent arguments now proved to be true. As it turned out at mid-level negotiations open to the public, the working group dealing with proprietary reform has essentially reached a deadlock. As Opposition Roundtable Representative Laszlo Kotz said, both the opposition—

including the SZDSZ which oddly enough opposes radical intervention in privatization processes—and the third side suspended their participation at the working group level, and do not envision a possibility for consensus. Both sides object to the character of the ongoing privatization process and demand that the state stand up against "the selling out and the passing on of the state," and insist that the MSZMP provide data concerning the already consummated enterprise sales. According to MSZMP delegate Istvan Kalasz the party could hardly satisfy the latter demand, since the essential element of the privatization actions criticized is lack of control.

In any event, the debate spiced with the frequent mention of mutual and full lack of confidence produced a peculiar consensus. The three negotiating parties will issue a joint statement demanding that Parliament frame legal guarantees to prevent the sale of state property below its value, and to initiate a subsequent review of cases that are suspect of abuse. One could only guess on how to interpret the MSZMP's joining in the statement. The MSZMP could have proposed changes in the law on its own, to its own government at any time before, if it recognized a need to change the law.

#### Government Commissioner Interviewed

25000483 Budapest NEPSZABADSAG in Hungarian  
28 Sep 89 p 8

[Interview with Janos Martonyi, government commissioner on privatization, by Zsuzsa Gal: "The Privatization Bomb Has Exploded"; date and place not given]

[Text] Excluded from the process, the public observes with no small suspicion the spontaneous, uncontrollable transformation of enterprises. It is assumed that in the course of transformation, enterprise managers and foreign firms acquire ownership rights. Some opposition organizations use more harsh words and demand an immediate halt to the squandering of national property. Considering the fact that the government supports transformation, we tried to find out just what the government intends to do in this situation. Government Commissioner on Privatization Janos Martonyi responded.

[NEPSZABADSAG] It is as if a bomb had exploded in the heretofore quieter process of privatization. Could it be perhaps that the peculiar Apisz metamorphosis caused the explosion?

[Martonyi] The disquiet began earlier. There was concern about Medicor for instance, and about Tungram's transformation, but I accept your statement. The Apisz case may be regarded as the veterinarian's horse of privatization, on which virtually all symptoms of every illness could be discovered. The fact is that in several instances enterprise management obtained for itself ownership shares at prices that could be argued about by outsiders, or transferred ownership to foreign firms. Nevertheless, these business transactions may be assessed after several years, only after it turns out how

much income the remaining Hungarian share of a transformed enterprise produced, how much tax revenues it provided to the state, i.e. to what extent the enterprise improved its efficiency.

#### 'We Won't Wait Until We're Soaking Wet'

[NEPSZABADSAG] This is like an umbrella after it has stopped raining.

[Martonyi] We won't wait until we're soaking wet. We will establish state control over the present spontaneous process instantly, and we will accomplish this in such a way that we will not impede the attraction of foreign capital. At the moment we are unable to do anything different or anything more, because laws restrict the state's freedom to act with regard to autonomous enterprises. In places where the state has transferred its ownership rights to enterprise councils, and wherever the Law on Business Organizations has opened the path to transformation and the government has stimulated transformation the decision is up to the enterprise councils. Even though they were never able to perform ownership functions, in their capacity as owners, employees and enterprise council members think and act consistent with the places they occupy in the enterprise hierarchy. Accordingly, within this group of enterprises, one may establish only governmental controls.

[NEPSZABADSAG] What kinds of government control do you have in mind?

[Martonyi] I am planning to implement a kind of government control which also enables possible state intervention, if such intervention is needed. We would prescribe reporting requirements for every case in which state property exceeding a certain value limit is sold or transferred to a business organization. In addition, we would mandate appraisals to be made by certified public accountants concerning enterprise assets. The results of such appraisals should be conveyed to a state property management organization, or, until that comes into being, to the founders of enterprises.

[NEPSZABADSAG] As a result of which transformation would slow down.

[Martonyi] This would not be some licensing process. Transformation would progress on its own path. We would intervene only if we discovered something that raises concern, or perhaps something suspicious. For example, if we felt that property was appraised below its value we would also order another firm to conduct an appraisal. In addition, in certain cases, if circumstances so warranted, the state would have the authority to announce public bidding so that anyone could acquire shares of ownership. Openness is the best control mechanism.

[NEPSZABADSAG] Would it not be simpler to mandate public competition?

[Martonyi] That would be useful only in cases in which there is sufficient demand with an ability to pay. Under today's circumstances a foreigner intent on becoming a partner would withdraw instantly. He would say, I made the offer, you may either accept or reject it, but no, I do not agree with your public announcement of the sale, and no, I will not compete with others. On the other hand, I feel that any enterprise which from the outset voluntarily announces competition could be exempted from under the reporting requirements.

#### Swampy Area

[NEPSZABADSAG] What can the state do once it has the reports and the information?

[Martonyi] It can veto a transaction if it suspects abuse, if it discovers fraud or negligence in the management of social property. Some form of societal control would be beneficial, even some kind of super control, although I am unable to envision such control at the moment. I cannot perceive it yet, especially because I would like to incorporate certain brakes which would make it more difficult, or would slow down the process which will last for decades anyway—the transformation of proprietary conditions.

[NEPSZABADSAG] Do you feel that your ideas will be reassuring to everyone?

[Martonyi] I never believed that, unfortunately. There certainly will be some who think that these measures are excessive, others will feel that the state's role in privatization is too small. This is how it is wherever state property is sold. Privatization is a swampy area. On the basis of experience gained in 80 countries one can tell that some will always grumble and be suspicious, regardless of whether the state incorporates special guarantees.

#### Semi-Privatized Stores

[NEPSZABADSAG] But the kinds of things that took place in Hungary are particularly confused, are they not?

[Martonyi] They are rather confused. World Bank representatives think the same. I negotiated with them to find out whether they would provide loans and expertise to assist privatization in Hungary. Their response was favorable. But let me give you my own answer to your question. Without excusing or suspecting anyone, one must admit that there is no precedent for the kind of thing that is going on here. The fact that there is no private capital, but 90 percent of property is owned by the state, and at the same time privatization is beginning, presents a unique situation. And all this is taking place under the crucial circumstances of economic crisis and political rearrangement.

[NEPSZABADSAG] Taken together, all this does not provide safe conduct for anyone, not even for the government commissioner, the person who should be most expected to protect state property.

[Martonyi] My assignment calls for the coordination of privatization, not for state control of spontaneous privatization. The two are by far not synonymous. But as long as the issue of control has come to the forefront because of the unclear nature of proprietary conditions, I will also try to provide rational suggestions in this regard. The legislative proposal I just summarized was prepared for this reason. Its intent is to protect state property. We would like to submit the proposal to the National Assembly in October.

[NEPSZABADSAG] Which amounts to no more than fighting fires. Any other concepts?

[Martonyi] Yes, thus far I have addressed the issue of immediate tasks regarding controlling the spontaneous transformation of autonomous enterprises. Within this group of enterprises I see two possibilities later on. We either request permission from the National Assembly to authorize the reclassification of these enterprises to entities operating under the direction of the state, or amendments to the enterprise law must be initiated. Somehow the authority to decide over privatization should be returned to the government.

[NEPSZABADSAG] And what happens when the government acquires that authority, just the way it has that authority today regarding enterprises under state supervision?

[Martonyi] We are exercising that authority at present. Jointly with the founders, we are selling some large enterprises under state supervision. Not in haste, not with increased budgetary revenues in mind, but endeavoring for foreign participation to produce both capital and technology, so that transformation serves the purpose of improving efficiency as well as the ability to export. Privatization within this group of enterprises does not conflict with the national interest; here we are not dealing with the squandering of property, in this area state control is guaranteed.

[NEPSZABADSAG] And what is the situation with the smallest property, retail stores, which can be sold easily? After an initial thrust there appears to be great silence.

[Martonyi] Commerce, the catering industry, and the service industry are in a state of semi-privatization. Because the process began earlier with the introduction of the contractual system, we must proceed by building on that base. In other words, in this area the solution being prepared will be different from that in other areas, it is being developed by a separate group of experts. The recommendations of that group will be submitted to the National Assembly under the heading "Privatization Law."

### Common Market Prepares To Ease Trade Conditions

*25000501A Budapest NEPSZABADSAG in Hungarian  
13 Oct 89 p 1*

[Text] The latest recommendation proposed by the Brussels committee of the European Communities released Wednesday [11 Oct] evening provides that in two and a half months, i.e. as of early January 1990, all quantitative restrictions on Hungarian and Polish exports to European Community [EC] member countries shall cease, and that beneficial customs duties specified as part of the system of general preferences (GSP) shall apply to the two countries.

This initiative is in response to the corresponding requests specified by both the Hungarian and the Polish governments, and signals the fact that the community intends to accelerate its support of the two countries' reform processes at a spectacular rate. The EC committee was charged by the Paris summit of the seven leading capitalist countries to streamline the efforts of the 24 countries which intend to support Hungarian and Polish reform efforts. The committee organized two meetings of experts from the 24 developed countries on 1 August and 26 September respectively. At the latter meeting a program of action was proposed. In addition to providing funds to support certain sectors (600 million ECU—more than \$650 million on the part of the 24 countries), the program also contained recommendations for the dissolution of quantitative restrictions and for the grant of GSP. Nevertheless, no deadline was set in regard to the dissolution of quantitative restrictions.

Just how quickly the committee reviewed its position may be seen from the fact that the Community's agreements reached with Hungary in September and with Poland just a few weeks ago did provide for quantitative restrictions on certain categories of goods until 1995 and 1994 respectively.

The committee plays the initiator's role in the Community, but its recommendations gain force only if the council of ministers—meaning the member states—approve of the recommendations.

The communique publicized in Brussels suggests that certain exceptions will remain, specifically quantitative restrictions which also apply to the Iberian EC countries, and GSP benefits which do not apply to certain areas.

The GSP has been applied by the Community since 1971 in regard to third countries, primarily developing countries, in the framework of industrial goods, textiles, and agricultural products. According to the committee's recommendation, the GSP would be extended to all Hungarian industrial goods. The same was recommended by the committee concerning agricultural products originating in the two countries.

### Previous Energy Policy Concepts Rejected

25000497B Budapest NEPSZAVA in Hungarian  
6 Oct 89 p 4

[Text] Imre Szabo, industry state secretary, said in a press conference at the Ministry of Industry yesterday that earlier energy policy concepts are now untenable. It is obvious at this point that there will be no money for energy-related investments during the next decade, while society expects this branch of industry to consume a smaller share of the national income than before. In the future, energetics must be regarded as service provisions. The related expectations demand that these services function in the most economical way with the least possible shortage.

During the past 3 months leading professionals have discussed seven new alternative concepts. In addition to these alternatives, proposals submitted by alternative organizations and opposition parties were also discussed. Energetics must be responsive to several, in part conflicting, requirements. The expectations include thrifty investments and multiple sources—meaning that in addition to Soviet imports we should also rely on other sources—as well as a reduced concentration of investments.

The program considers a 1.3- to 1.5-percent increase in electrical energy consumption by the millennium. This is low even on an internationally comparative basis. Professionals believe that this increase may be accommodated. It should be noted, however, that other estimates show substantially larger and smaller increases in consumption.

The country's economic situation suggests that by 1998 and the year 2000 Hungary will not be able to build a new basic power plant. This means that we will have to manage with what we have. Along with appropriate technical and economic measures, Hungarian electrical energy system reserves allow the possibility of not building any new power plants at all prior to 1995, and also make it possible to avoid shortages after 1995 by building a peak capacity of between 600 and 900 megawatts. The most economical way to accomplish this is by establishing gas and steam turbine power plants based on carbohydrates, with combined cycles, suitable also for the production of heat.

The condition of implementing a program which constitutes a far smaller burden on the national income is to implement measures which reduce energy demand, and mainly for peak energy production.

### Tatabanya Workers Urged To Establish Workers Councils

25000497C Budapest NEPSZABADSAG in Hungarian  
8 Oct 89 p 15

[Text] The Solidarity Trade Union Workers Association, the Hungarian Democratic Forum [MDF], and the Alliance of Free Democrats [SZDSZ] held a rally in Tatabanya on Saturday, at the square in front of the public education building. About 200 people attended the rally.

On behalf of the Tatabanya region Solidarity Trade Union Association, Janos Molnar said that workers had been accused of constituting the silent majority, but that by now this charge is untrue. A class which establishes independent interest protection organizations and expresses its views cannot be accused of passivity. Molnar explained that even a fraction of the present leadership could properly organize work. Therefore large numbers of workers should not be laid off. Instead, the persons who have caused this country to experience its present difficult situation should be dismissed.

Andras Takacs, spokesman for the Solidarity Trade Union Workers Association, urged that workers councils be formed in various plants as soon as possible, and that such workers councils be vested with the authority of owners, so that they can become involved both in selecting their leaders and in economic decisionmaking. According to Jozsef Debreczeni, Kecskemet opposition representative, there is still an opportunity to establish a democratic Hungary from the bankrupt nation. SZDSZ Spokesman Gabor Demszky said that as a result of an SZDSZ signature drive regarding the discontinuation of party property, MSZMP organizations at the workplace, and the Workers Guard, they collected 20,000 signatures, and that 50,000 signatures were needed for Parliament to decide whether or not to call a popular referendum.

### Soviet Auto Imports Shrinking

25000501D Budapest NEPSZAVA in Hungarian  
13 Oct 89 p 7

[Text] In 1990 some 31,000 Lada cars will be delivered to Hungary, among them 8,000 Samara models similar to the ones that are on our roads already, 2,000 5-door Samaras, and 1,000 Nivas. The rest will be type 1300 and 1500 Lada models. All this was agreed upon on Thursday [12 Oct] by representatives of MOGURT and the Soviet car manufacturer VAZ.

Responding to an MTI [Hungarian Telegraph Agency] question a MOGURT representative said that last year almost 32,000 Lada cars, 2,000 Niva models, 1,000 Volgas, 500 Moskovits cars, and 300 UAZ all-terrain vehicles, were delivered to Hungary at a cost of 126.5 million rubles. This year the volume decreased: 30,700 Lada models, 500 Niva cars, 1,000 Volga models, 800 Moskovits cars, and 500 UAZ vehicles were delivered at a cost of 110 million rubles.

### Computerized Transportation Data Link with Bremerhaven

25000501C Budapest NEPSZAVA in Hungarian  
18 Oct 89 p 9

[Text] It was announced at a press conference yesterday that Medimpex Pharmaceutical Foreign Trade Enterprise has established and will maintain a direct computer link with Bremerhaven. At first hearing this matter would not seem to have outstanding significance. The

Medimpex decision to establish the link instantly appreciates, however, if one considers that beginning in 1992 information among Common Market countries will be conveyed exclusively by electronic means, in the framework of an international data exchange.

In Hungary the information system is managed by Kopint-Datorg. They entered into an agreement with Medimpex, thus Medimpex' shippers may have access to the Bremerhaven system by way of direct terminal. At the same time it will be possible for Medimpex to provide access to the system for other Hungarian foreign trade enterprises in lieu of appropriate compensation.

At the press conference, representatives of the three Bremerhaven firms pointed out the advantages of the system, such as the conveyance of more up-to-date and accurate information, time and cost savings, and more secure decisionmaking. They paid tribute to the flexibility of the Hungarian partners, as a result of which the direct transportation data link with the harbor was established and made operational in record time.

#### **Apple Computer Center Established**

*25000501B Budapest NEPSZAVA in Hungarian  
18 Oct 89 p 9*

[Text] Products of the California based Apple Computer Company arrived in East Europe "legally and officially" for the first time with the opening of the Apple Center in Budapest's second district Borbolya Street. This is what journalists learned from the limited liability corporation's Hungarian director Gyorgy Maus, while they consumed ripe, red—but real Hungarian—Jonathan apples, served in style. Following exploratory negotiations between the two firms on 19 July, the Austrian distributor of the American firm arranged its quarters within 3 months. The impressive building is owned by Austrian and Hungarian private firms.

The technology park established in the Apple Center serves a number of purposes, including training, development, and the creation of jobs primarily for artists and scientific researchers. Hungarian artists may obtain substantial help as a result of introducing a background industry for creative and applied videographic technology. At the press conference, on behalf of the Budapest Graphics Enterprise, Laszlo Patai underscored the fact that although computers cannot replace endurance, diligence, and talent, they do combine paint brush, sprays, rulers, and compasses into a single tool.

## **ROMANIA**

#### **Development, Diversification of Shipbuilding Industry**

*27000077A Bucharest REVISTA ECONOMICA in  
Romanian 28 Jul 89 pp 6-7*

[Article by T. Nitescu: "The Development and Diversification of the Romanian Shipbuilding Industry"]

[Text] The revolutionary act of 23 August 1944, opening the path to profound political, social, and economic changes in our country, the path of forging the socialist society, marked the laying of the foundations for Romania's multilateral prosperity. The process of industrialization, as one of the central objectives of the Romanian Communist Party [RCP]'s policy, asserted itself as a decisive factor in the qualitative transformation of the entire economy. In this framework, the shipbuilding industry was created and, since the Ninth RCP Congress, has experienced continual development. The party's secretary general, Comrade Nicolae Ceausescu, attaches a particular importance to this branch, through the concrete instructions given on the occasion of the frequent working visits to the shipyards. The priority program drawn up for this subbranch provides the basic coordinates for developing the shipbuilding industry.

Today, our fleet has a big role in carrying out Romania's international exchanges of goods. As is stipulated in the draft of the Directive-Program of the 14th RCP Congress, "Maritime transportation with Romanian vessels will provide almost completely for taking over the goods that travel in this way, with transport services for foreign partners being expanded at the same time."

Nearly a century ago (more precisely, in the spring of 1895), the first vessels of the Romanian sea service began regular Constanta-Istanbul runs, carrying passengers or freight. They were the "steamers" Meteor and Medeea, of small capacity, equipped with steam engines, belonging to the Romanian Maritime Service, formed at the start of the same year. On the eve of World War II, the vessels under the Romanian flag were built in the dockyards and shipyards of other countries. In 1938, the shipyards in Constanta, Braila, Galati, and Drobeta-Turnu Severin did mostly repairs on vessels of low tonnage or built mainly rowboats and sleeping pontoons (used by those who worked in reed gathering on the Danube Delta), launches, lighters, etc. These vessels did not exceed, in all, a capacity of 1,000 tons.

The domestic shipbuilding industry took off only in the era of socialism, with the first 1,200-horsepower tug being built in the 1950's, followed in the 1967-1968 period by the construction of the first Romanian cargo ship (with a capacity of 2,920 deadweight tons) and then by the 55,000-deadweight-ton ore ship Calatis (the biggest vessel built up to then in our shipyards). We gradually proceeded to develop and modernize the shipyards to another scale, in a conception of broad perspective (hull-construction bays, drydocks, shops for forming the pipe systems, preassembly platforms, etc., the furnishing of modern lifting equipment, especially high-power cranes, etc.). Through the strong growth in production potential, through the modernization of the manufacturing processes at the existing yards (those in Constanta, Galati, Braila, Giurgiu, Oltenita, and Drobeta-Turnu Severin), and through the creation of new specialized production enterprises in Tulcea and Mangalia, the Romanian shipbuilding industry has attained

top rates in its evolution, along with remarkable diversification. Thus, in the 1951-1988 period, more than 130 types of seagoing and river vessels were designed and produced. In all, 5,776 vessels, with a total capacity of 6,535,600 deadweight tons, were built during the above-mentioned period at the 8 shipyards in Constanta, Mangalia, Galati, Braila, Giurgiu, Oltenita, Drobeta-Turnu Severin, and Tulcea, namely: 875 seagoing vessels (including 478 big ones), 1,177 river vessels with propulsion, 912 technical vessels for fishing, dredging, etc., and 2,812 river vessels without propulsion (lighters, barges, scows, etc.). The production of watercraft thus provided a more than 120-fold rise in the country's shipping capacity, with Romania becoming a big producer of seagoing and river vessels in Europe.

An important contribution in this regard has been made and is still being made by the Institute for Naval Research and Design (ICEPRONAV) in Galati (founded over 2 decades ago), whose specialists have designed multifunctional vessels with the most diverse uses, including high-tonnage vessels: cargo ships (with capacities varying between 1,600 and 15,000 deadweight tons), bulk carriers (from 12,000 to 165,000 deadweight tons), tankers (from 5,000, 35,000, and 85,000 to 150,000 deadweight tons), vessels with horizontal loading (roll-on/roll-off [RO/RO]), ferryboats (of 12,000 deadweight tons), container ships, refrigerator ships, supertrawlers for ocean fishing, coastal fishing vessels, passenger vessels, etc. In addition, river push boats (with powers from 600 to 4,800 horsepower), port and road tugs (with powers lying between 600 and 4,800 horsepower), tank barges (of 1,500 tons) for carrying petroleum products, barges for general merchandise (going up to 3,000 tons, used particularly for transporting merchandise on the Danube-Black Sea Canal), dredgers, scows, maritime and river floating cranes, and cranes for hydrotechnical work have been designed and built.

Today, our country possesses modern yards, some first-rate. The "dean" of the Romanian shipbuilding industry is undoubtedly the yard in Constanta (dating from 1892). The biggest vessels are built there (tankers of up to 150,000 deadweight tons, ore ships of up to 165,000 deadweight tons, ferryboats of 12,000 deadweight tons, etc.). The shipyard in Galati builds, besides various types of seagoing and river vessels, marine drilling platforms, on which dozens and dozens of top enterprises of our industry cooperate. Thus far, seven such installations, all placed on the Romanian continental plateau of the Black Sea, have been built at the yard on the banks of the Danube. Three of them (the Gloria, the Jupiter, and the Fortuna) have become operational, furnishing large amounts of crude oil and natural gas. In this way, Romania is one of the few countries in the world that builds marine drilling platforms, with such installations helping greatly to implement the national program for exploitation of hydrocarbon deposits existing beneath the bottom of the sea. The former small-vessel repair

shops of the now modernized shipyards in Braila, Giurgiu, Drobeta-Turnu Severin, Mangalia, and Tulcea, currently launch many types of vessels (cargo vessels of average and high capacity), ocean fishing vessels, passenger vessels and motorships, technical vessels for use on rivers, bulk carriers of various capacities, and many others).

Among the remarkable achievements of the shipbuilding industry we mention the equipping of the Romanian merchant fleet, in 1988, with the ferryboat Mangalia (of 12,000 deadweight tons), the first vessel of this type built in our country. Its distinction from other vessels in operation derives directly from its functionality: The vessel's stern is movable and can be angled, forming a straight line with the shore. Through this open portal, 107 railroad cars loaded with freight, which are directed in accordance with all railroad rules, pass directly into the vast depths of the vessel. Other elements that confer on this vessel (as long as two soccer fields) its one-of-a-kind character consist of its high-tech equipment: the satellite-navigation apparatus, two radar sets, the anticollision system with sonic and optic warnings, and the Loch Doppler apparatus (which indicates continuously the water depth, the forward speed, and the drift of the vessel). In addition, the vessel is equipped with an automatic pilot and a maneuvering propeller that provides its lateral movement, as well as a static and dynamic balancing installation, permitting, among other things, the automatic balancing of the vessel's position or the inclination of it under the conditions of taking a great weight aboard. As to innovations, the most significant one is the movable ramp for access by motor vehicles on wheels from the wharf to the vessel. This permits the vessel to also be used efficiently in the RO/RO system (loading and unloading on wheels), when there are no railroad cars for transportation. The vessel is equipped with two engines (of 8,000 horsepower each) made in Resita, developing a speed of 17-18 knots.

Beginning this year, our merchant fleet's technical "dowry" has been enriched with the ore ship Comanesti, with a displacement of 165,000 deadweight tons, the biggest vessel ever built in Romania. The Romanian merchant fleet's "flagship," as, with good reason, the respective vessel is called, is a giant, having a length of 305 meters and a width of 46 meters, and the height is that of a 12-story apartment house. The imposing vessel, which has already made operational runs (bringing iron ore), is a modern and functional ship, equipped with a powerful engine, also built at the Resita works. It was entered in the international register of shipping as the Romanian vessel with the biggest displacement. Both the ferryboat Mangalia and the ore ship Comanesti were built at the Constanta shipyard, with the shipbuilders there having in various phases of execution two other ore ships (of the same capacity) and a second ferryboat, the Eforie (identical to the Mangalia). It should also be mentioned that this great and modern shipyard has also put at our merchant fleet's disposal the third tanker in

the series of those of 85,000 deadweight tons and the seventh tanker of 150,000 deadweight tons, the Pacea, and so on.

In Mangalia (a yard in its 15th year of existence), after the achievements thus far (vessels of 55,000, 65,000, 85,000, and even 100,000 deadweight tons), a new type of vessel was launched recently—the ore ship Voineasa, of 25,000 deadweight tons, the first in a series of six similar ships. It is something new on a national plane, designed at Galati ICEPRONAV and equipped with a second-generation engine, with low consumption. The vessel's range is 13,000 nautical miles.

Thanks to the vessels designed and built at the above-mentioned specialized yards, the Romanian merchant marine has undergone spectacular development: from 32 vessels in 1965 (having a capacity of 125,000 deadweight tons) to 275 vessels (with a total displacement of over 5 million deadweight tons) at present, designed and built almost wholly at the shipyards in our country.

Vessels under the Romanian flag now rove all the seas and oceans of the world, docking in hundreds and hundreds of berths in over 150 countries on all continents. The Constanta port now has connections with 1,234 ports throughout the world. It is estimated that by the end of the current 5-year period Romania's merchant fleet will contain vessels reaching a total capacity of 7.5-8 million deadweight tons.

The construction and opening (in the spring of 1984) of the magnificent technical and engineering feat that is the Danube-Black Sea Canal, and the new Romanian seaport, the Constanta-South port (about four times bigger than the old port and one of the biggest ports in the world from a viewpoint of technical facilities and capacity, built nearby in order to handle the freight carried by barge on the Danube-Black Sea Canal), will permit appreciable growth in the freight traffic on the Danube in ensuing years both for Romania and for other countries, mainly the riparian ones.

As a matter of fact, while meeting the needs of Romania's maritime and river merchant fleet, our shipbuilding industry also provides, at the same time, big reserves for exportation to various countries. Moreover, many types of vessels found on the manufacturing list of the shipyards in Constanta, Mangalia, Galati, Braila, Oltenita, Drobeta-Turnu Severin, etc. have been and are being bought by various shipping businesses or by outfitters in a number of countries. At the same time, through specialized organizations, the Romanian shipbuilding industry offers a number of transport services and operations to the foreign clients involved.

Getting into the international market approximately 2 decades ago, the Romanian shipbuilding industry has continually diversified and expanded its export activity, delivering through the Uzinexportimport foreign trade enterprise a varied range of vessels (for maritime and river transportation), including: general cargo ships and container ships, tankers, as well as motorships, tugs,

scows, barges, etc., some of them of high capacities (ore ships of 55,000 deadweight tons). Among the customers for Romanian vessels are shipping companies and outfitters in Bulgaria, Czechoslovakia, the People's Republic of China, Cyprus, Cuba, Greece, India, Libya, Norway, the USSR, and so on.

In ensuing years, the Romanian shipyards will also develop their production activity as well as their export activity. They will put at the disposal of the country's merchant fleet newer and newer types of vessels of great utility—bulk carriers, tankers, general cargo ships, container ships, as well as RO/RO vessels, refrigerator ships, and so on. This will permit, in particular, the growth of our country's international freight traffic as well as the growth of the economic efficiency of the entire activity of transportation by water.

### **Intensive, Balanced Development of Agriculture**

*27000077B Bucharest REVISTA ECONOMICA in Romanian 28 Jul 89 pp 8-9*

[Article by Ovidiu Popescu and Doina Argaseala: "The Intensive and Balanced Growth of Agriculture"]

[Text] The draft of the Directive-Program of the 14th Congress of the Romanian Communist Party [RCP], drawn up on the initiative and with the decisive contribution of Comrade Nicolae Ceausescu, sets down in a scientific and realistic way the basic orientations and fundamental directions of Romania's development during the next 5-year period and anticipates the years 2000-2010. Starting from the current stage of development of Romanian agriculture, the draft of the directive-program outlines agriculture's development in the future, setting down the strategic orientations and tasks of particular importance along the line of affirming the agrarian revolution. The steady attainment of the revolution's objectives, of the programs for providing a high and stable agricultural output, constitutes one of the basic tasks of the next 5-year plan. The concept of a new agrarian revolution, worked out by Comrade Nicolae Ceausescu, defines a complex, long-term process—technical, organizational, economic, and social—meant to bring about radical changes of a qualitative nature in the field of production forces and social relations, in the decisive growth of the role of scientific research, in the raising of the qualifications of the work force, in the improvement of planning and of the forms of management and organization of production, in the growth of material incentives and the improvement of working-class democracy, and in the obtaining of high economic efficiency.

The attainment of the objectives regarding the homeland's long-term development is indissolubly connected with providing a solid foundation as early as this year, a decisive one for successfully fulfilling the current 5-year plan.

In this 5-year period, agriculture has scored big successes in the development of production. For example, the rates

of growth of gross output, commodity output, and net output have been 5.1-5.3 percent, 5.9-6.3 percent, and 8.2-8.3 percent, respectively. The higher rate of growth of net output than of gross output demonstrates that agricultural production has been achieved with high efficiency. The total income of peasant cooperatives has risen 2.4 percent. In this period, over 30 million tons of cereals have been obtained annually. High outputs have also been achieved for other crops and in zootechny. Agriculture has provided the food resources needed for a daily consumption of about 3,200 calories per capita.

This year, the working people in agriculture, utilizing to the utmost the conditions created by large-scale socialist agriculture, have pledged to attain the highest output in the country's history. For barley, average yields of over 7,000 kg per hectare have been attained in all counties, with an average yield of 7,360 kg per hectare being achieved in the country as a whole. Some 14 counties have attained more than 7,500 kg per hectare, far above the planned level. Many state and cooperative agricultural units in various counties have attained yields of over 8,000 and even 10,000 and 11,000 kg of barley per hectare. The wheat harvest, for which high yields have also been projected, is in full swing. The crops of sunflowers, sugar beets, corn, soybeans, potatoes, and greens are in a very good state of growth. In zootechny, the cattle and sheep populations and milk deliveries to the state have risen. Thus far, a larger amount of fodder has been provided, which will lead to further growth in animal production. The working people in agriculture will devote their entire working power to the exemplary fulfillment of the 1989 plan, in order to greet the 45th anniversary of the great national holiday and the 14th party congress with excellent results in all fields of activity.

Outlining the development of agriculture, the directive-program provides that the further attainment of the agrarian revolution's objectives—the intensive development and the modernization of all agriculture—will be secured in the 1991-1995 5-year period. In order to reach this target, a strong material base will be created for agriculture. In the next 5-year period, investments of about 250 billion lei will be provided for agriculture, particularly for completing the national land-improvement program. Action will be taken as steadily as possible to preserve land resources and to raise their production potential, as land represents a national asset of decisive significance for developing our entire society. The utilization of all natural fertilizer resources and, in supplementation, the economical use of chemical fertilizer constitute one of the main aspects for reaching the targets in raising the production capacity of the soil, without polluting it and with lower energy consumption. Through the use of organic fertilizer, large amounts of nutritive substances will be put into the soil, the humus content will be regenerated, and the mobile forms of phosphorus, potassium, and trace elements will be restored, which will increase the fertilization potential of the soil. In order to raise the production potential of acid

soil, it will be necessary to substantially increase the areas on which supplements will be applied, and for compact soil, the work of scarification and subsoiling and of improvement in soil structure will be expanded.

Modern procedures—especially biological and agrotechnical ones—of pest and disease control will be used on a wider and wider scale. The integrated system of prevention and control of harmful organisms constitutes the technological solution for avoiding losses caused by diseases, pests, and weeds while protecting the environment and the people's health. Integrated control is based on rationally and harmoniously combining all production methods (chemical, biological, physical, and agrotechnical) and applying treatments only when they are justified from a technological, ecological, and, in particular, economic viewpoint. New actions from the national program for land preparations will be carried out; the irrigated area will reach 6 million hectares in 1995, and the areas on which work to prevent and control soil erosion and excess moisture has been done will reach 3.7 million hectares. Land-improvement work will be done in correlation with water-management work and hydropower arrangements, on a unitary basis within each hydrologic basin. Irrigation facilities are to be executed with priority in the areas with a marked scarcity of moisture, and all sources of water from the Danube, inland rivers, lakes, and phreatic water will be used efficiently. The preparations with furrows will be expanded wherever possible, depending on terrain, where optimum conditions exist. In addition, the feeding of water by gravity along contour lines will be used in order to save energy, and steps will be taken to save water by reducing water losses and by using watering equipment that helps to obtain high outputs of irrigation water. The work to control soil erosion is also to be done in concert in the hydrographic basins, in correlation with water-management work and forestry preparation, in order to raise the production capacity of sloping land by reducing the annual losses of soil to permitted limits and to protect the storage lakes set up on inland rivers.

The mechanization of agriculture, as one of the basic factors in tapping the soil's production potential as fully as possible—along with utilizing highly productive varieties and hybrids and applying modern technologies to achieve as high a labor productivity as possible while constantly reducing production costs—will help to complete agricultural work during optimum periods, through the use of multifunctional sets of highly productive and reliable machines, to raise the quality of the work by expanding the use of machines and installations with superior technological performances, and to reduce energy consumption.

During this 5-year period, agriculture will have great vitality, concretized in a substantial increase in gross output and net output, which will rise at average annual rates of 4-4.5 percent and 5.5-6.0 percent, respectively. The more marked increase in net output will be obtained by raising economic efficiency and by attaining physical production with high labor productivity and with as low

material expenditures as possible. The increase in agricultural output, along with a reduction in the work force, possible as an effect of the big investments in fixed assets and of the improvement in technologies, will also mean a marked rise in the rate of labor productivity, which will be higher in agriculture than in industry—which will permit us to hasten the elimination of the gaps that separate these branches.

The directive-program provides that in the field of vegetable production, by improving the mechanization of the work, by using high-quality seeds, and by attaining optimum densities, high yields per hectare will become universal for all crops. Consequently, the raising of the yields per hectare, by more fully using the technical-material base, by increasing the soil's production capacity, by providing varieties and hybrids with a high production potential, and by attaining optimum densities, and as a result of improving the growing and harvesting technologies, constitutes the only solution for attaining an output that would completely meet the needs.

Cereals, crops that find favorable conditions in our country, occupy the central spot in the field of vegetable production. The economic importance of cereals is connected with the primary position that they occupy in the population's food consumption and in the supply of fodder for animal husbandry and of raw materials needed by the starch, glucose, alcohol, oil, and other industries. For precisely this reason, the directive-program provides that cereals, especially wheat and corn, will continue to occupy the main position, the aim being to create the conditions for obtaining an output of 35-40 million tons per year by 1995. In order to attain the stipulated yields, steps will be taken to improve the zoning of the crops according to macrozones and microzones of favorability—within crop rotations with fields of optimum size, organized according to farms and agricultural units—, to apply the improved technologies on the basis of generalizing the advanced experience of the top units and research results, and to generalize the use of valuable seeds and seeds from superior reproductions.

Technical crops will continue to constitute a major concern, with far higher outputs being attained for sunflowers, sugar beets, and hemp and flax for fiber. Their cultivation will be done on areas concentrated around the processing enterprises, on specialized farms, on suitable land, taking into account the criteria of favorability and soil quality. Seeds from superior biological categories, adapted to the soil and climatic conditions in each zone, will be used, and the agricultural work will be done at the optimum time, in conformity with the technologies specific to each crop.

Vegetable growing will still be a large sector of our agriculture, as rational nutrition requires a high consumption of vegetables throughout the year. Consequently, steady action will be taken in the direction of

concentrating and specializing the production of vegetables, in big units, in the most favorable zones, on land with definite possibilities of irrigation and where high yields can be obtained. In order to regularly supply fresh produce to the population, the aim is to stagger the production so that each county may meet its need for vegetables from its own production, with the exception of species of thermophilic vegetables for counties in the northern part of the country. Raw materials will be provided for industry, with a diversified range of assortments, so as to raise the percentage of as yet scarce industrialized products and to meet the population's consumption needs.

Fruitgrowing and vinegrowing will be developed further at a rapid rate. The accent will be put on consolidating the existing plantations and providing the conditions for intensive exploitation by completing the facilities and the organizational and preparatory work required. The new plantations have mainly the role of replacing the plantations that are cleared and are being established in order to further improve the assortment structure. In this way, the aim is to increase the production of the orchards of sweet cherries, sour cherries, peaches, apricots, quinces, and nuts, now scarce, and, in the case of vines, to expand the areas with varieties for table grapes, for raisins, and for wine for current consumption. By establishing the stipulated plantations, the aim will be to continue the action of concentrating fruitgrowing and vinegrowing in the prescribed areas, on sloping land and poorly solidified sand, unfit for the efficient crops of cereals and technical plants.

Animal husbandry represents a major objective of agricultural development during the next 5-year period. It will help greatly to raise the quantitative and qualitative level of the population's food consumption—an essential expression of the raising of the whole populace's standard of living. The directive-program provides that, in zootechny, by the end of the ninth 5-year period, the animal population will reach 11,5 million cattle, 15.6 million hogs, 35 million sheep and goats, and 97 million egg-laying hens. Through the expansion of the highly productive breeds of animals, the development of pastures and meadows, and the more rational utilization of all fodder resources, the growth of meat, milk, wool, and egg production will be secured. The harnessing of all inland waters for pisciculture will be achieved. The development of sericulture and apiculture will be intensified.

In order to make better use of the soil and climatic conditions in our country and of natural pastures and meadows, in 1991-1995, the number of cattle and sheep will rise, while hogs and poultry will stay at the current levels on the whole. Cattle will be developed particularly in the counties in the hill and mountain area, and the action of increasing the populations of milk cows will continue in all socialist units, on specialized farms with optimum dimensions. The fattening of cattle will be done in specialized units, through the application of intensive technologies, with the calves being taken from

the cow farms at 90-100 kg and fattened to the average slaughter weight of over 400 kg. Hogs will be raised in all areas of the country so that the population's pork-consumption needs may be met largely from their own production. The trend of more marked growth by populating the mountain areas and the use of nature reserves is characteristic of the development of sheep. They will be raised in all areas of the country, with attention being devoted to the process of improving local breeds. Along with growth in wool production, greater attention will be devoted to meat and milk production.

The providing of a new quality to the activity in zootechny requires that the fodder need be met completely, which represents the basic problem in this branch at present. The structure of the fodder crops in a proper field will be improved by expanding the species and varieties with a high production potential, raising, in particular, the percentage of trefoils that provide large amounts of protein per hectare. Natural meadows will be improved in order to raise the production of green fodder per hectare, and animal-pasturing facilities—water supplies, pens, summer sites, sheds, and approaches—will be provided.

In the long-term period up to the years 2000-2010, further strong growth in the production forces will be

provided by applying the newest gains of the contemporary scientific and technical revolution, with Romania rising to the stage of a developed country with an intensive and harmoniously structured economy, as a basis for achieving a new quality of work and life for the entire populace. In agriculture, the new agrarian revolution's policy of achieving modern agriculture in order to obtain a high output will be continued consistently. A steady harvest of 40-45 million tons of cereals per year will have to be reached by the years 2000-2005. The action of complex organization of the territory will be intensified, there being concluded the preparation of the entire area possible to irrigate, as well as the work of prevention and control of soil erosion and excess moisture. To a greater and greater degree, agricultural production will be based on the gains of modern biology and genetic engineering. In order to meet the scientifically substantiated needs of the whole populace, the aim will be to further achieve a food consumption in a structure suiting the physiological requirements of the human organism.

Through the implementation of the orientations for the long-term period, Romania will become a multilaterally developed socialist country, on the basis of the newest gains in science and technology and in human knowledge in general, with a high level of material and spiritual civilization, there thus being created the basis for affirming the communist principles of work and life.