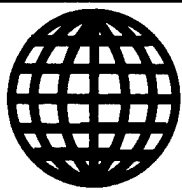
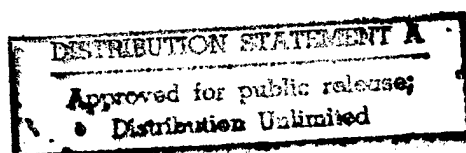


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30 OCTOBER 1990



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CZECHOSLOVAKIA

Apologists of Prague Spring Challenged

91CH0008A Prague LITERARNI NOVINY in Czech
20 Sep 90 p 3

[Article by Jiri Vancura: "After the Anniversary; Like After A Flogging"]

[Text] The first "free August" is behind us and everyone agrees with the view that its anniversary was not a success. The criticism is directed mainly at the five-part television series which did not satisfy anyone and exasperated many people as "the same old boring material, a monument built on sand...". It is hard not to agree with this. There would be no point in adding to the reservations expressed, so we would rather look for the deeper reasons for the failure and general annoyance.

It is understandable and proper that the television series became the target of the criticism. In the electronics age historiography is pursued more from the picture tube than from monographs; after all, even many years before Alois Jirasek created more historical consciousness than did Josef Susta. It is therefore not possible just to wave one's hand haughtily in the air and to say that "television is television" and take into consideration only serious scientific works. Unfortunately they do not form public opinion.

Otherwise I think that there are not just losses to post to the account of our greatest medium in connection with August. At the very least, the domestic program "Television in August 1968" transmitted on 22 August showed that the television creators are capable of talking about the atmosphere of the days of occupation interestingly and to the point.

Two Story Lines

A short history of the "Prague Spring" can today be told in two manners.

The more favored way is the story line about how we wanted to, but were not allowed to. The Communist Party being reborn was headed for democracy, but this was stopped by the brutal force of Soviet tanks. Here everyone who did not invite or support the occupiers is celebrated and the story line of course ends in August 1968. Further narration would necessarily have to spoil the picture of the noble efforts at rebirth.

The second version does not end in August, has August in the middle, and lasts not eight, but 16 months. It is full of sympathy for many (often "nameless") people, but is sceptic about the "1968 man of the year" and asks unpleasant questions. It discusses the struggles, but also the mistakes and deals with courage and failures. It does not consider August to be an event which (as Pithart says) relieves the reform communists of old, as well as new, responsibility and does not submit it as irrefutable

proof that the beginnings of the reformers were only well-intended, wise, and hopeful.

These two concepts differ from one another not only in the depth of their perspective but mainly in their purpose. The first describes a famous and lively chapter in our history and gives prominence to the well-known representatives. One exception to this is Frantisek Kriegel who expelled himself from Mount Olympus when he refused to sign the Moscow protocol and also Zdenek Mlynar who (according to V. Mencl) began the breakup of the Dubcek leadership when he resigned the job of secretary of the CPCZ [Czechoslovak Communist Party] Central Committee in October 1968. Overall it is a version with no great disputes; what happened really happened up to the point of the Russians, but of course nothing could be done about that.

The other, critical concept does not back off much from the main actors, but it also does not identify with them and does not feel the need to give them absolution. Somewhat old-fashionedly it considers history to be the "teacher of life" and thus it attempts to warn about attractive illusions which hide the notorious mistakes which are perhaps passed on in our genes. It threatens us with the idea that a passive acceptance of reality expressed finally as capitulation and normalization should be considered as a Czechoslovak character determined by fate.

The predominance of the television, newspaper, and magazine publicity which left a bitter taste after the anniversary just past was put together according to the first, celebratory model. One cannot say of the authors that they did not know what they were doing (although this does not apply to the editors who ordered and processed the texts and screenplays). They consciously entered into the service of the pleasant legends. It was as if they had unanimously decided that the "Prague Spring" should not have a shadow cast on it after 20 years of being dragged through the mud by intraparty propaganda and its tools of implementation. Thus their own reformers' robes will remain pure white.

Truth in the Selection

Everything except doubts about the intentions and the honesty of the symbols of that time!

The authors of the television screenplay, the historian Vaclav Kural and Antonin Bencik, led us through the "Prague Spring" for two hours in the five serial presentations. They are experienced guides. They knew that together we would travel over slippery ice that was thin in many places and thus before each risky place they made a sharp turn back to the safe path.

When the serial reached the final episode, the Moscow agreement, we unconsciously anticipated that now the authors will show everything when they illustrate the act of capitulation with Josef Smrkovsky's speech of 27 August. It contained the following isolated honest (and for the occupiers cruelly offensive) sentence: "We were

aware that the decision can be considered by the people and by history both as acceptable and as traitorous." Smrkovsky doubted the authority of the "delegation" to sign the dictated terms. Our fears suddenly disappear, however, when another, harmless sentence which says nothing is selected from the speech.

Why sow doubts in people's thoughts? We will not arouse the television viewer to thinking things over and participating, but will just provide him with a story line put together according to the chosen concept where there are only forces of light and of darkness, the Czechoslovak reformers and the troops in tanks.

Despite this, people ask. Should the Czechoslovak leadership not have undertaken political steps to avert the invasion? MLADA FRONTA put this question to a most professional authority, Professor Eng. Vojtech Mencl, doctor of science (the authorized text was published on 21 August). He replied to this, "All these considerations are to a certain degree groundless" and "After all, the primary causes for the invasion of Czechoslovakia were not political, but mainly strategic military ones. The main goal was not only to destroy the Prague Spring but more than that to station Soviet units permanently on our land. From this standpoint, the invasion of Czechoslovakia was unavoidable." With a position like this, which "today is clear beyond any doubt (?)", similar questions such as this are just stirring up trouble.

"Despite this," MLADA FRONTA presses on, "some authors of analyses of the Prague Spring, including Pavel Tigrid and Petr Pithart, assert that as politicians our representatives should not have signed the agreement which practically legalized the invasion of forces into Czechoslovakia."

Professor Mencl considers signing the Moscow agreement as "relatively the most acceptable solution. Today there is proof that the Soviet military command in essence was waiting for any kind of excuse for them to unleash a massacre." What is this "today there is proof" based on and what documents support the assertion; why were the Soviet generals waiting for a necessary excuse and why did they not just instigate a pretext themselves? We do not know. Despite this, however, Professor Mencl still today, after 22 years, considers the Moscow agreement not only as a "wise alternative," but also as a compromise made by the Soviet side. "The Moscow agreement recognized the validity of the January action program and contained provisions for withdrawing the troops from Czechoslovakia."

I doubt that even the writer himself believes that! There was in fact a formula for the departure of troops included in the Moscow agreement, even for the "total withdrawal of the allied troops," but it was tied to a time when not only "the threat to socialism in the CSR disappears," but also the threat to "the security of the countries of the socialist society disappears and to a number of other empty phases which were precursors of what later happened. Perhaps our signers of the agreement overlooked

them or wanted to overlook them because only thus could they state after their return home that they had negotiated the withdrawal of the troops. In the Kremlin they also met them halfway by making the agreement "Top Secret" so that no one could snoop around in it.

The other alleged concession is also not an argument. There never was any "January action program." There was only a vague, freely interpreted "post-January policy" and then the action program of April 1968. That was, as Professor Mencl well knows, basically rejected by the Soviet representatives. In the agreement and in the attached communique they agreed only with the "resolutions of the January and May plenary sessions of the CPCZ Central Committee," thus with the two most questionable documents of the "Prague Spring." What else does this verbal gymnastics serve except to support his own apologetic thesis? A politician insisting on his own satisfaction might perhaps start off this way. A historian is exposing himself to the risk that he will be compared to an innkeeper who waters his wine.

Mistakes Were Made

The basic ideologic question of the Husak-Jakes regime was the relationship to 1968—was it fraternal aid or an intervention by force? They could perhaps "rehabilitate" Masaryk, but never Dubcek because they would have lost the legitimacy of their power. With the November attack this question ceased to exist, even though it appeared to many people to still be there. The Adamec government therefore created the "governmental commission for analysis of the events to 1967-1970" in its last days.

Professor Mencl is the chairman of that commission, Dr. Kural is vice chairman, and Dr. Bencik is a member. It is difficult to reproach the actors of the recently ended period when the task of examining 1968 is entrusted only to reform communists; the risk of a reform apology was in fact discussed in dissenting opinions, but it did not spread any wider. Still less can we rebuke the newspapers and television because they turn to the officials in the commission with an appeal for more publicity; the institution of "official history" has been with us for more than four decades. It is also no reason for an indiscriminate ostracizing of the reform communists, if they have overcome their developmental phase which is today totally anachronistic. However, reform communists who have abandoned hardly anything and do not understand much are pretty shaky as interpreters of history; they should rather cultivate their views in a discussion group.

In his *Sixty-Eight* Petr Pithart wrote "the future legend-makers will have even more work to do with the reform communists in power than with the Moravians at Bila Hora if they want to one day make them a lasting legend." He certainly did not expect that these legends would be produced from public means and disseminated by the mass media, partly unknowingly and partly from indifference.

Ambassador Boris Pankin Identified as KGB Officer

91CH0009A Prague RESPEKT in Czech
25 Sep 90 p 13

[Article: "Whom Do We Have the Honor To Have Here?"]

[Text] We still have far to go before we have a normally functioning society—we could see proof of that in the daily press on 25 August. The speaker for the Federal Ministry of Foreign Affairs, Deputy Minister Lubos Dobrovsky, conveyed to the counsellor of the Soviet Embassy "regrets for the unsubstantiated information" about the Soviet ambassador in the CSFR, Boris Pankin, published in No. 24 of RESPEKT.

It is interesting how many people failed to realize the absurdity of this act—a representative of a government agency apologizing for something that is not within his competence at all. Whether as a result of excessive eagerness or in anticipation of the Soviets' future course of action, he did not open his eyes to the fact that under democratic conditions it is the press itself that is answerable for its statements. All the more surprising then was the contribution "What are they doing in that spot [galere]?" published in LIDOVE NOVINY on 15 September. The author, Jiri Vancura, supports with satisfaction the speaker for the Federal Ministry of Foreign Affairs, particularly with respect to "Pankin's role in creating new relations with the USSR".

To clarify this entire affair, particularly the "unsubstantiated information", we are printing here an affidavit of former KGB agent Piotr Dierjabin, in which he answers questions at the request of the French paper L'EXPRESS:

1. Vasilij Romanovic Sitnikov began to work for the KGB sometime in 1941 or 1942. From 1949 to 1954 he served in the KGB headquarters in Moscow in the Main Administrative Section No. 1 which is responsible for secret operations abroad, and also worked for the KGB in West Berlin and Vienna. He had the rank of lieutenant-colonel, and his cover name was Modest. Pankin was an officer in the Main Administrative Section No. 1, and he arrived in Vienna in the fall of 1953 ostensibly as a journalist accompanying the Soviet delegation to the World Trade Union Federation.

2. I served together with Sitnikov in the Moscow KGB headquarters from 1951 to 1953 and in Vienna from 1953 to 1954. In Vienna he was for a short time my direct superior. As a KGB officer, I took care of the Soviet delegation of which Pankin was a member. Shortly before his arrival I received a telegram from the KGB headquarters in Moscow, telling me to be of assistance to Pankin, and another KGB officer who was traveling with him, in carrying out their operations in Vienna.

3. Your question in the telegram was garbled. Obviously you are asking me whether I was a KGB officer. The answer is yes, I was a major in the KGB from 1944 to

1954. During my training and work I came into contact with and participated in a broad spectrum of KGB operations, including the use of mass media for disinformation and propaganda.

4. In connection with their official duties, Sitnikov and Pankin regularly made use of the mass media for disinformation and propaganda in all the countries to which they were assigned. At that time as well as today, the KGB has been systematically carrying out and is carrying out operations of this kind all over the world, including Greece.

5. In the case of the "OSTERREICHISCHE VOLKSS-TIMME," the Soviet Government provided financing as well as equipment. This newspaper, published in Vienna, was presented as a publication of an Austrian workers' organization, but in reality it was secretly directed by KGB officers, and working on it were agents and recruited collaborators of the KGB. But as a rule the KGB did not have to establish newspapers in various countries; for spreading propaganda and disinformation it was often enough to have a KGB agent or a Soviet sympathizer among the editors.

6. I have no information about Mrs. Marie M. Beikou.

7. The Section for International Relations of the CPSU Central Committee finances in various ways certain publications through the intermediary of and in cooperation with the KGB. A favorite method is to supply money through local Communist parties. Another method is to transfer or deposit money in the accounts of the controlled publication. At other times, Soviet trade organizations abroad are used to disguise the transfers. Quite often used is the method of sending a local agent to a third country where he receives the money from his controlling KGB officer. At times the money is secretly delivered personally by a KGB officer to the KGB agent in the target country; these operations are also carried out by officers of the Soviet military intelligence known as the GRU.

(signature) Piotr Dejabin

Drawn up and sworn to in my presence on 11 March 1985.

HUNGARY

MDF Weekly in Financial Trouble; Distribution Monopoly Blamed

90CH0299B Budapest MAGYAR FORUM
in Hungarian 23 Jun 90 p 2

[Article: "Concerning the MDF's [Hungarian Democratic Forum's] Press"]

[Text] The Third National Convention of the Hungarian Democratic Forum (MDF) views with alarm the ambiguous situation that has developed in the Hungarian press and mass media. Neither the government nor the National Assembly nor the democratic forces victorious in the elections are judged fairly or objectively.

The weekly MAGYAR FORUM, which after initial disarray is starting to find itself and develop its own personality, struggles with grave financial problems primarily because it is being stifled by the newspaper distribution monopoly inherited from the old regime. MAGYAR FORUM stands on the brink of shutdown. The Third National Convention therefore declares that despite this it does not feel that MAGYAR FORUM is an organic part of the MDF.

At the same time, it reminds the paper's editors that by making the FORUM more colorful, by expanding its services, and by giving voice to every trend within the MDF they continue to serve the MDF's nationwide efforts. At the same time, it reminds all MDF organizations that by popularizing the newspaper and expanding its circle of subscribers they help lend continuity to the newspaper's work.

The MDF National Convention considers it essential to launch a daily paper that reflects the spirit of the MDF.

POLAND

Association of Gminas Discusses Damages by Soviet Troops

90EP0882A Warsaw PRZEGLAD TYGODNIOWY
in Polish No 37, 16 Sep 90 pp 1, 8-9

[Article by Piotr Pytlakowski: "Guests Go Home"]

[Text] The representatives of 19 localities attended the conference of stewards of the cities and gminas on whose land Soviet armies are stationed. The city president greeted those gathered and informed them that half of the entire personnel force of the Soviet armies in Poland is stationed in Legnica and the town can scarcely breathe.

The president admitted with a twinge of sadness, "They call us the Legnica Bolshevik Province."

Recently, the city fathers learned from unofficial sources that the command of the Northern Group of Soviet Armies, until now stationed in Swidnica, had been transferred to Legnica.

The chief officer of the gmina of Zagan opened the litany of complaints. He noted that despite bans and official agreements, the Russians continue their nighttime flights and that this is unbearable. When he tried to make the Soviets understand this, he was told that they were flying because the weather was good and that when the weather turned bad, they would no longer conduct the flights. Moreover, Zagan is being threatened by the pollution of drinking water intakes from the seepage from tanks filled with aviation fuel. And, recently, a Soviet tank destroyed a bridge over the Kwis, but the perpetrators are denying that they caused the devastation and they do not want to pay for repairs.

Burgomaster Szprotawy gave his report on the shocking devastation caused to buildings being used "temporarily" by the Russians. He also informed those assembled that the Szprotka and Bobr Rivers stink from being systematically polluted by the Soviets. There is no question of their building a treatment plant.

The representative from Ladek Zdroj, a physician by profession, reported on the combatants from the war in Afghanistan recovering from their wounds in Ladek. He would have nothing against this if the Soviet side refunded the treatment costs.

The deputy of the burgomaster of Olawa wanted to know the principle underlying the stationing in Poland of Soviet armies from 1944-56, before the time when the agreement between the PRL [Polish Peoples Republic] and the USSR was signed. He proposed the word "occupation" to define the presence of the guests from the East at that time. He also suggested that the Russians should simply be told: you were here as foreigners, no one asked you to come—goodbye. The Olawa representative gave the impression of being someone in desperation at being forced into close proximity with the army of our "liberators". He explained that what helped drive him to this was that the transport of Soviet units with heavy combat equipment had completely ruined a viaduct in Olawa which had been, by the way, an element of an important transportation route linking Wroclaw and Opole. For this reason he cannot understand why the Russians are not paying highway taxes. Ostensibly, they do not pay them since it would be necessary to determine how many vehicles they have, and this figure is a secret.

"Why don't they even pay taxes for private dogs?" asked the deputy burgomaster of Olawa. The issue of finances ran through many of the statements. Not only do cities living in contact with the JAR [Soviet army units] have no income from the Soviets, but they are drained by them. Half of the rental fees from the headquarters go to the State Treasury, i.e., to Warsaw, and half remain in the Soviet units and are designated for the repair of facilities. Moreover, these are only hypothetical repairs. The chiefs of the cities participating in the Legnica conference were quite in agreement that the Russians do not do repairs but destroy with relish. It was right in Olawa recently that an act of vandalism was committed when the Russians, without approval from anyone, dismantled from top to bottom a historic 19th century landmark, an apartment building situated on an area of barracks leased by them. Some people suggested to the representative of the Olawa magistrate that the city administration should send the case to court, which would have constituted an interesting precedent. The legal basis for such a move would have been a point from the 1956 agreement signed between the governments of

the PRL and the USSR stating that Soviet armies stationed in Poland must abide by the regulations of Polish law. Moreover, our own law code punishes the destruction of landmarks.

The deputy burgomaster of Olawa appealed to the body of burgomasters to support him on the issue of forcing the Russians to return at least one building. Olawa (population 32,000) suffers from a housing shortage, and, to make matters worse, it has three Soviet units hanging around its neck. Residents estimate this to be 5,000 bayonets.

Warta Boleslawicka, chief officer of the gmina, next said: "In our area they are stationed in the forest. They cause fires. The peasants' cattle are dying and the tracks lead in the direction of their testing grounds."

The deputy president of Wroclaw also spoke of growing crime. The police are helpless in many cases. The trail left by the perpetrators of crimes ends at the gates of the Soviet barracks, to which our officials have no entry.

The representative from Szczecin brought up the problem of so-called unwanted facilities. He asked about the principles according to which such facilities are to be transferred to the Polish side. It happens that the Russians go wild building, without abiding by health requirements, and then they want to be paid for the "presents" they have erected.

The president of Legnica, alluding to the previous subject, cited the following anecdote. The Russians wanted to absolutely make him happy with the vehicle base they had built. They requested 400 million zlotys from him. The president retorted that then he would ask them for 500 million zlotys for building the base in question without permission. Then the Soviet negotiator proposed: "Let's talk like Slavs." In Legnica, constant quarrels with the Soviets in conjunction with the repair of their houses are the order of the day. Sometimes it happens that the Russians are forced somehow to repair a building which has been turned over and, when the work is done, they reconsider and remain in the renovated building, after which they again destroy it.

The representative from Szczecinek, who has had his own experiences in discussions with the Soviet military authorities, called the approach of the instructors "arrogant".

The deputy burgomaster of Sulecin noted a similar problem. Three Soviet units are stationed in his gmina. One of these is so secret that the building is hermetically sealed off even to the soldiers of the other two units. Council members from Sulecin suspect that a secret dumping site for dangerous waste is located in their area. But they cannot prove this since entry is prohibited beyond the gates marked with a red star.

"How are we to inventory property left by the Russians when they depart if we cannot get behind the walls?" asked the physician from Ladek Zdroj.

It turns out that in many cities the council members have created special commissions which informally get into the Russian barracks and do inventories. It is being done this way because the conviction is that a situation must not be created such as existed in the past when the Russians left for the east in trucks full of all sorts of goods, some of which were not their own.

The representative from Olawa broached an unusual matter. Namely, he asked what could be done with the Soviet cemeteries administered by Polish municipal enterprises.

"Since January we are supposed to be totally self-financing. Who will participate in the costs of upkeep of these cemeteries?"

The questions and doubts are multiplying. Among the most critical of them is undoubtedly the question: who is authorized to speak with the Soviet side on the subject of problems. The heads of the cities and gminas gathered in Legnica, for the most part newly elected people, emphasized their desire to participate in negotiations. They also had reservations about the manner in which talks have been conducted with the Russians by the representatives of the Polish government. They were in agreement regarding the fact that the personnel make-up of the office of the plenipotentiary for affairs of Soviet armies stationed in Poland should be modified.

As a result of the Legnica conference, a new organization called the Association of Gminas in which Soviet Armies are stationed was created, with its headquarters in Legnica. Moreover, six representatives of the association were elected as a delegation for negotiations conducted at the government level.

Thus, for the first time in a decade, the cities forced to host the guest Soviet units, as they have come to be called, have banded together to claim their rights. Those assembled at the conference in Legnica were quite unequivocal in expressing their dream that the "guests" leave as soon as possible, as quietly as possible, and, most expediently, via a marine route.

Deputy Andrzej Kosmalski, member of the National Defense Commission of the Sejm of the Republic of Poland, who took part in the meeting, amused those gathered together with the following statement: "If we had the sort of agreements with the Russians that, for example, the Americans have with the countries in which Americans are stationed, then you would be meeting here to ensure, God forbid, that the guests would not leave."

But for some unknown reason, we have not succeeded to date in negotiating such "American" agreements. That is why the purpose of the meeting in the office of the president of Legnica was clear.

According to official sources, there are 58,000 Soviet soldiers in Poland. This year, 10,000 are supposed to go home. When the others will leave no one knows as yet,

but last Friday the Polish government addressed a note to the USSR government in which is expressed the desire to begin negotiations soon on this matter.

Students Polled on Political Preference; Few Declare Affiliation

91P20013A Warsaw KONFRONTACJE in Polish
No 9/32, Sep 90 p 9

[Unattributed article under rubric "In Our Opinion:" "KONFRONTACJE's Survey, Whom Do Young People Support?"]

[Text] At the end of 9 June (see KONFRONTACJE No. 7/90), about 20 percent of those people polled said they support [Prime Minister] Mazowiecki and the democratic initiative of the Krakow group [Alliance for Democracy]. A decided majority (70 percent) stated that they are not interested in Solidarity's internal conflict and that they do not trust either side. We repeated the question to student groups gathered in summer camps, in which altogether 120 people took part: a) Alliance for Democracy (ROAD) [Citizens Movement-Democratic Action, the pro-Mazowiecki group], 12 percent. b) Center Accord [the pro-Walesa group], 17 percent. c) Other political parties, 10 percent. d) No opinion, 61 percent.

One can see a considerable decrease in the attraction of the Krakow initiative [Alliance for Democracy] and of the citizen's movement supporting Center Accord, but even so somewhat less than 30 percent of those students polled would be able to state specifically which political group they identify with. As to the additional question of "Would you support your own candidates (such as a youth coalition) if such a list existed?" up to 38 percent responded positively, mentioning the Independent Association of University Students [NZS], "Karta 90," and "Solidarnosc Mlodych" [Youth Solidarity].

POLITYKA Weekly News Roundup

91EP0002A Warsaw POLITYKA in Polish No 36,
9 Sep 90 pp 2-3

[Excerpts]

National News

[passage omitted] The central celebrations of the 50th anniversary of the Peasant Battalions, one of the main armed forces in the struggle with the Hitlerite occupiers, were held in Warsaw. At the offices of the National Executive Committee of the Polish Peasant Party (PSL), Gen. Franciszek Kaminski, the main commander of the Peasant Battalions, met with delegates of the districts of the Peasant Battalions and invited guests.

Lech Walesa at a press conference in reference to his conception that the presidential elections be obligatory, explained that that does not mean compulsory, as is widely thought, but a "patriotic duty." "In running for

president," the leader of Solidarity declared, "I would like to be certain that I will receive 80 percent of the vote."

Fuel prices have increased: the most popular 94-octane to 3,200 zloty from 2,400 zloty, or by one-third. The price of diesel fuel increased less, to 2,200 zloty from 1,900 zloty.

From a press conference of Malgorzata Niezabitowska, government spokesperson. The announcement that Premier T. Mazowiecki will participate in the conference of the Baltic states in Sweden and that he will meet there with, among others, N. Ryzhkov of the USSR. The conference was held but the meeting with the head of the Soviet government did not occur; he did not participate in the deliberations. The conclusion of the Polish-German border treaty will occur probably shortly after the union of the two German states. "The Ministry of Foreign Affairs thinks that the consular services which we have inherited from the People's Republic of Poland should be completely replaced." In the past, nominations were determined by membership in the PZPR [Polish United Workers Party], subordinate to the Ministry of Internal Affairs, agreements, friends; currently qualifications, knowledge of languages, loyalty to the state are most important. The spokesperson mentioned that the nomination of Jerzy Surdykowski to be consul general in New York aroused opposition among the New York Polonia because he once wrote a positive review of the "Last Temptation of Christ." "Surdykowski was positively judged by Cardinal Macharski, who knows him personally having worked with him as a journalist, in the underground, and in social work," said M. Niezabitowska. "Perhaps that will still the emotions of some Polonia activists." At the upcoming session of the Sejm, the prime minister will present candidates for the unfilled ministerial positions. A PAP journalist asked why the employees of the agency learned from a report in RZECZPOSPOLITA that their head, Bogdan Jachacz, had been removed and that his replacement is to be Ignacy Rutkiewicz, currently the head of the monthly ODRA. The spokesperson explained that she too had learned of the change from the same daily, that the report is "premature," and that new nominations at PAP will be handed out before the end of September. In a commentary to this comment by M. Niezabitowska, RZECZPOSPOLITA apologized to Jachacz for "informing him in this way of his dismissal." The popular French correspondent, Bernard Margueritte, asked: "Do you not think that it is very sad that on the occasion of the 10th anniversary of August one hears so many voices of cheap anti-Semitic populism, of demagoguery? Do you not think that they ruin the picture of Poland in the West, ruin the image of the people who appear in this fashion, darken the heritage and merits of Solidarity? M. Niezabitowska shared the fears of the correspondent: "In a democracy, the process of political division is normal; however, the style of this division is important." [passage omitted]

In Szczecin, 50 P-83 military pistols were stolen from the garrison arms stockpile. That is the largest theft of weapons noted in Poland.

In its Political Indiscretions [column], GAZETA WSPOLNA, the paper of the Polish Social Democratic Union (PUSD), reports that the competitor of the Union, the Social Democracy of the Polish Republic (SdRP) "is currently experiencing a serious crisis." Three "main factions" are competing with one another: "the apparatus-postcommunist one led by Leszek Miller and Slawomir Wiatr; the scholarly-social democratic one lead by Tadeusz Nalecz and Zbigniew Siemiatkowski; and the populist-leftist one lead by Jerzy Uzieblo and Wlodzimierz Wisniewski." Reportedly, Aleksander Kwasniewski "disgusted by the whole thing is seriously considering resigning his position as leader of the Social Democracy of the Polish Republic of Poland (SdRP)." [passage omitted]

Bishop Alojzy Orszulik responded to the proposal by TRYBUNA for the Polish Episcopate to send a letter saying "we apologize and ask for forgiveness" to the hierarchy of the churches in the USSR. "For technical reasons, such a letter is not possible," explains Father Orszulik. "Simply, the addressee does not exist. In the Soviet Union, outside of Lithuania and Latvia, there are practically no bishops; there is no conference of the Episcopate. Thus, to whom are we to write?" [passage omitted]

Opinions

[passage omitted]

Prof Andrzej Tymowski, recently named an advisor to Lech Walesa:

(From a comment during the celebration of the 10th anniversary of the "Szczecin Accords")

"In spite of the obvious indolence of some ministers, they remain in the government; the government does not change itself if its individual members fail to prove themselves; the political personnel do not judge those obviously guilty of mistakes, visible to all 'with the naked eye.' We are dealing with a 'republic of buddies.' Fair weather for the rich has set in, and simultaneously the wind is blowing into the eyes of the poor, which can be seen best in the introduction of the proposed law on private garden plots by several deputies of the Citizens Parliamentary Club (OKP), which put the use and the results of the work of nearly a million garden holders into question, individuals on the whole poor, retirees, pensioners, or families with many children. The very fact that this type of proposed law could even be written shows their complete isolation from social reality and no understanding of the fact that we are living in a period of privatization and not of socialization or nationalization of ownership or leases, and that of the poorest people."

Lech Walesa, chairman of NSZZ Solidarity:

(Interviewed by Maria Mrozinska, GAZETA GDANSKA 22 August 1990)

[Question] Now what do you have in reserve?

[Answer] According to my plan, I would have to give Michnik and others a chance to push their business so far that a return to unity is impossible. When the influence of their groups begins to grow, I would begin to act to limit it. I will win because what I am proposing is more democratic and convincing for people. So now let them go: Bujak, Frasyniuk, and Michnik. Let Turowicz organize meetings. And then I will move and I will act as if they existed, acted, but as if they could not even dream of a monopoly.

I needed the Center Accord in order to provoke the formation of Michnik's group. I was playing for a division. And on society's involvement. The division forced it.

Politics and Customs

[passage omitted] The Confederation for an Independent Poland has calculated the portion of Poland occupied by Soviet forces: "Soviet forces use in all 70,000 hectares in Poland, of which 35,000 hectares are forests, 25,000 hectares are unused land, and 563 hectares are farm land. They have at their disposal 1,157 buildings and 2,440 public facilities and barracks."

The London daily INDEPENDENT on the Polish ambassador: "De Virion sees himself as the first Polish ambassador in London after Count Raczynski (ambassador in London in 1934-39, then president in exile). On his desk there is a picture of Count Raczynski, but there is no picture of Jaruzelski." [passage omitted]

Thanks to MLODA POLSKA we learned where the pin of the Virgin Mary in Lech Walesa's lapel comes from: "The best known pin in a lapel was pinned on him by unknown people during the strike in August 1980 at the Gdansk Shipyards. It was blessed by Primate Wyszynski and brought by a delegation, which returned from Jasna Gora. Walesa does not remember the exact moment when it was pinned on him; he simply noticed he had it on his lapel." [passage omitted]

The board of the Slasko-Dabrowski Region of Solidarity announced a literary competition, "Memoirs, an Episode from Underground Activities." First prize, 800,000 zloty. [passage omitted]

Maciej Plazynski, Gdansk voivode, asked by a journalist whether he will join the Citizens Movement—Democratic Action (ROAD) or the Center Accord: "I would join neither, because they are not groups whose members are united by common values. They are rather agreements deriving from short-term political relations."

The National-Radical Youth Organization "Pomorze" of Szczecin has called for an hereditary monarchy in Poland: "Obviously, it is difficult to speak of the rights of the Sasa kings. There are, however, representatives of

the great families—Czartoryski, Lubomirski—who should stand for election.” A monarchy in the opinion of the nationalists could best be chosen through a national election of delegates preceded by voivodship sejmiks.

The TYGODNIK ROLNIKOW SOLIDARNOSC is not pleased with any of the candidates for president of the Republic of Poland: “And one candidate is too sad, and the second too lively. One says too little; the other too much. One is too intellectual; the other too flippant.”

And so forth. Thus, the editors announce their own candidate, who is for now nameless: “Let us imagine, however, that the peasants somehow reach an agreement and put forward their own candidate for president! A peasant present, now that would be something!”

Wroclaw is returning to its old, five-fielded coat of arms from the time of the Hapsburgs and has resigned from the one adopted after the Second World War.

CZECHOSLOVAKIA

Pitfalls of Army Reform: Officer Screening, Air Force Future

Screening Not Without Obstacles

91CH0011A Prague RESPEKT in Czech 18 Sep 90 p 4

[Article by S.J.: "Creep Ahead!"]

[Text] The Federal Ministry of Defense recently informed the public about the purging of the Army, accomplished by the so-called 'verification' (an analogue of the civilian competitions) based on the minister's order No. 11 of 16 February 1990. The very composition of the verification commissions was unfortunate. In some instances unintentionally, but for the most part with a purpose in mind, the original commanding cadres have been confirmed in their positions. In view of their one-sided strategic orientation, given by our and Soviet military academies, it is doubtful that they will be able to reorient their concepts to the current model of Western Armed Forces. The results of the verifications are, in relation to the defense capacity and security of our state, irresponsible, to say the least.

We do not have at our disposal precise data about how many officers went before the verification commissions, but we know that only 998 were not recommended for continued service in the Army. About 5,000 career career soldiers left at their own request, and another 2,000 did not sign the new oath. Seventy percent of them were under 30 years old. It is obvious, therefore, that it is mostly officers not burdened by the totalitarian military practices who are leaving the Army. On the other hand, the older ones, about whom it is not certain that they would want to give up their well-entrenched practices, are staying. Eighty percent of former political officers were transferred to the new section for education and culture of the Federal Ministry of Defense. Here we must ask ourselves whether it would not be better to totally abolish this body and transfer its tasks to the commanding officers. The mid-level command positions are filled only to 40 percent. The component which is most necessary for the training of soldiers in basic service is therefore unable to perform even its current function—and in contrast, the highest military positions are filled up to 95 percent.

In 1969 and 1970 officers were signing statements indicating their approval of the entry of Warsaw Pact armed forces into our territory. Who did not sign, had to leave. In addition, career officers were forced to fill out a so-called "Biographical Supplement", where they had to state their position on "anti-Soviet demonstrations", on their attitude toward the action program of the CPCZ [Czechoslovak Communist Party] or organizations such as K 231 or KAN [Club of Committed Nonpartisan Individuals]. The Ministry of Defense ordered these "supplements" to be concentrated in the cadre administration. These were mostly documents of officers who

are now holding high positions. Later a number of these "supplements" disappeared. It stands to reason that too much value cannot be placed on the importance of documents that are more than 20 years old, nevertheless it is not very likely that the people in question will be able to guide the Army toward moral responsibility.

The Ministry of Defense has been unable since the beginning of the year to work out a comprehensive analysis of the new military-political situation in Czechoslovakia and submit a draft of a new military policy; it relates it to the drafting of the new constitution. The Army still does not have any competent advisory agency of theoreticians which would analyze global military developments and especially the situation in Europe. It therefore happens quite often that representatives of our Armed Forces interpret international military relations very inaccurately. In democratic countries the existence of an advisory agency is absolutely commonplace. As an example we can name the Institute for Strategic Studies which works for the Government of Great Britain, or the CIA (Central Intelligence Agency) in the United States.

By transferring the authority over military counterespionage to the Federal Ministry of Defense, the Army gained an unlimited power to control its entire department from the viewpoint of "reliability". A similar situation we knew only at the beginning of the fifties.

Without a highly professional and fully independent control there will be no significant, positive changes in the Army. A comparison with the Ministry of Interior suggests itself: If it were not for the clearance proceedings, an overwhelming majority of the State Security people would be still sitting in their places. The control of the Army should be performed primarily by the defense and security committee of the Federal Assembly, possibly a commission composed of representatives of the public and military experts, which would evaluate the structural and personnel make up of the Army. The government must review our membership and activity in the Warsaw Pact. The reorganization of the Army must be carried out as soon as possible, together with a cut in its budget. The savings from the military budget can be used for the conversion of the arms industry and for the retraining of professional soldiers and employees of armament factories.

The plan for putting the Army on a semiprofessional basis, about which Army representatives have been talking, must at last be made specific.

Air Force Faces Uncertain Future

91CH0011B Prague RESPEKT in Czech 18 Sep 90 p 4

[Article by Jaroslav Spurny: "Birds of Steel"]

[Text] In per capita number of war planes Czechoslovakia holds the highest position in Europe. In this respect, only Bulgaria comes close to us. France, Great Britain, or the FRG remain far behind us.

The Air Force is at this time our most expensive weapon: One air regiment represents a yearly cost of roughly 1 billion korunas [Kcs]. The expected reduction of war planes should save billions.

This military component has one peculiarity as compared to other types of armed forces—no great savings can be achieved by limiting the number of aircraft taking off. Support of flights by ground technology is the same for one plane as it is for 50 planes, whereas in a tank regiment only four machines can be used for training while the others are preserved. The training of pilots is also very costly (about half a billion Kcs). In addition, our Air Force is being nonsensically modernized by purchases of Soviet equipment (this year the military bought six MIG-29, one of which costs Kcs50 million). We are thus totally dependent on the Soviet Union for the delivery of spare parts. In the present situation, when Czechoslovakia is considering leaving the Warsaw Pact, the Soviet representatives could refuse further contracts, and all our Air Force equipment could become useless. Hungary, for example, is taking care of this threat by negotiating imports of military equipment from the West.

At present Czechoslovakia has 22 military airfields in use. A big problem is their unbalanced distribution on the territories of both republics: In Slovakia there are only four (a legacy of former strategy oriented toward the West). In addition, people living in Zvolen strongly protest having an airfield close-by in Tri Duby. The airfield in Kosice belongs to a military school; but it is not possible to maintain an establishment of more than 1,000 employees for the sake of 15 pilots and 10 navigators. A possible solution is the training of foreign customers, not, of course, the "traditional" Libya or Iraq.

The Air Force will probably be cut by half. The number of planes and personnel calculated per capita will thus decline to that of Belgium, the Soviet Union, or Romania. Some airfields will have to be closed down (but the runways will be retained in case there is a military conflict). Ground forces, whose placement in the vicinity of towns is untenable for ecological reasons, could be moved to the airfield areas. These changes will be particularly difficult for the Ministry of Defense, which is strenuously resisting any kind of reorganization. But it certainly will not be able to avoid them; in negotiations on disarmament, the neighboring countries are demanding the removal of military units a certain distance from the common borders. It is important which airfields will be kept because their peacetime arrangement must resemble a wartime one (during peacetime the main task of the Air Force is defending the sovereignty of air boundaries).

The geographical location of our country is strategically disadvantageous, and it is practically impossible to design a defense strategy. The Air Force is a very vulnerable component—its equipment can be concealed only with difficulty. In the event of a local conflict with a better equipped adversary it would be destroyed within three days, and we could as quickly destroy a weaker

adversary. It is therefore necessary to determine a "reasonable defensive sufficiency" (not a "defensive sufficiency" such as in the United States or the USSR, whose military equipment can checkmate the enemy). Experts should decide the amount of equipment that would be sufficient in respect to potential conflicts and especially to financial possibilities.

The Air Force was divided into two components. The first one, with the code designation "VL" was to protect troops "marching toward the Rhine", and the other one—"PVOS"—provided protection for the rear. The quality of the equipment was top rate within the framework of the Warsaw Pact, but from the global point of view only average, including the four air regiments of fighter bombers of a strictly attacking nature about which negotiations are now in progress in Vienna. We shall probably have to reduce their number considerably.

The Air Force owns 407 combat aircraft. The most modern of them is the fighter plane MIG-29, which can be armed with air-to-air missiles or with classic bombs. There is practically no civilian use for it; except perhaps for investigating "unidentified flying objects". The MIG-23, equipped with missiles against air and ground targets, guns, and bombs, is the most versatile of the combat aircraft. In addition, the Air Force has supersonic bombers SU-22M4, armored fighter planes SU-25K, and transport planes TU-154-B-2. In view of the natural terrain our most needed weapon is the fighter helicopter MI-24 with a four-barrel machine gun, air-to-ground missiles, and guided antitank missiles. It is not dependent on a runway as are planes, and it can be effectively operational within a few minutes. It can be easily put to peace time use, for example during natural disasters.

Obviously, the reduction of the Air Force will also affect the pilots. Here we shall have problems. The training is very demanding and expensive. In addition, military pilots comprise a relative unusual group which did not have enough opportunities to become politically compromised. Of 40 generals who underwent clearance proceedings, only two did not pass the verification commission. A similar situation exists in case of pilots of lower rank.

The problems of the Air Force cannot be judged separately from the problems of the other components of the Armed Forces. Minister Vacek said at one time that a professional army is too expensive. It seems that an excessive and unnecessarily expensive Air Force does not bother any one.

New Soldiers' Organization Founded

90CH0420B Prague RESPEKT in Czech 5 Sep 90 p 8

[Article by Jaroslav Spurny: "Free Legions"]

[Text] The military interest association Free Legions was founded in June 1990 by professional soldiers and soldiers in basic service, who worked in the military commission of the KC OF [Coordination Center of the Civic Forum] at the end of last year. Its creation has been

contemplated since the revolution, but the FMO's [Federal Ministry of Defense] absolute refusal to change anything in the Army forced the present members of "Free Legions" to take action. It is worth noting that one of the founders of the association, Lieutenant Colonel Jaroslav Praus, was summoned to the Military Obvod Prosecutor's Office in Prague on 13 July to submit an explanation of a possibly criminal act according to Paragraph 288—the demoralization of a unit—in the matter "Free Legions."

The claim allegedly came to the Prosecutor's Office from the highest military circles, due to the original, very general name "Free Legions." The military journal, A-Report, also criticized the new association, without publishing the summons, a fact reminiscent of the lamentable reactions of the press to various proclamations by independent actions under the Communist regime. The Military Prosecutor's Office did not find anything illegal in the creation of "Legions," and thus really legitimized it.

The name "Free Legions" was chosen temporarily as a working title, recalling the splitting away of Czechoslovak legions under the leadership of lower officers in Russia during the First World War. One of the main reasons for founding "Free Legions" was the abolition of military forums as "political organizations in the system." This essentially paralyzed the analytical and conceptual activities of the members of CSA [not further expanded]. This was an extremely "prudent" step on the part on the ministry because old structures, though without a label now, were retained, and new ones did not have a chance to evolve. What is happening now is that party political functionaries are being appointed to educational and managerial positions, and the majority of officers are retaining their positions. The creation of "certification commissions," which are to evaluate the professional and moral qualifications of professional soldiers, also demonstrate what kind of attempt the Army is making at democratization. In practice, officers more or less screen each other. The Association also has reservations about the principles of the Association of Professional Soldiers, and has therefore not been able to work together with it.

"Free Legions" do not want to become a mass organization. They are primarily interested in the true development of the army's combat capability. One of the ways to do this is to found several professional battalions. As a start, they are considering the creation of an elite paratroop units. However, the stagnating Okres military administration offices cannot be used to select the applicants for this professional duty. The members of the "Free Legions" are considering creating special commissions, which would use various tests to assess the physical and psychological requirements of those interested.

At a larger meeting of the members of "Free Legions" on 9 August 1990 the decision was made to convene a founding, Army-wide congress of delegates, who will represent the present base of several hundred members.

The congress will probably be held in September. The majority of people is rather bewildered by the creation of the Legions and is trying to make light of the activities of the Association. At this time one cannot talk about any official activities. So far, only the deputy minister of defense, Dr. Raska, has been informed about the activities of the association, and he has promised partial support.

It is obvious that one will have to overcome the present ossification of the Army in the near future. "Free Legions" is certainly a positive step in this direction, even if they do not directly deal with the core of the problems troubling the Army. They have offered absolutely concrete suggestions, which is a contrast to the nebulous promises of the competent military agents.

POLAND

New Military Daily Editor Presents Goals for Paper, Army

91EP0021A Warsaw POLSKA ZBROJNA in Polish
No 1, 12-14 Oct 90 p 3

[Article by Jerzy Slaski, editor in chief, POLSKA ZBROJNA, the new Polish Army daily newspaper: "To Return the Army to the People"]

[Text]

Part I

POLSKA ZBROJNA—a title like this imposes obligations. After all, this was a good newspaper. It enjoyed a deservedly high reputation and played an important, influential role. Its voice counted in an interwar Poland. It ended its service in a landscape worthy of a military newspaper—to the sound of shelling, in the smoke and fire of a furious battle. Its last issue was published on 20 September 1939 in the besieged capital, on the 13th day of the battle of Warsaw. The newspaper contributed a glorious chapter to the history of the Polish press.

For the sake of accuracy, we should add that a newspaper with this title was also published in the initial postwar period, or more precisely between January 1945 and July 1950. In Poland, this was the time of the establishment of communist power, the time of brutal repressions against not only soldiers of the Home Army, but also against all of those who wanted to build a new, postwar Poland on a foundation of internal freedom and external sovereignty. Unfortunately, at the time the Polish Army was very active in suppressing these legitimate aspirations of the people. This Army, subjugated by the military might of a victorious superpower, the USSR, which totally subordinated to itself the Poland of this time, was a tool for reinforcing the system forced on the Poles. The newspaper was not unlike this Army.

Therefore, we are not bound to it. Likewise, our newspaper will not be a continuation of the newspaper which after the liquidation of POLSKA ZBROJNA became the

MON [Ministry of National Defense] organ, namely, ZOLNIERZ WOLNOSCI. This newspaper, which was an instrument of communist indoctrination of the Polish Armed Forces, is not remembered fondly. Edited by the Main Political Directorate to a greater degree than it was by the editorial office, the newspaper was not the voice of the Army but the voice of the omnipotent communist party which had usurped the Army.

We wish to publish a completely new newspaper. Our desire is for it to be worthy of the Army of the Third Republic, as POLSKA ZBROJNA, published between 1921 and 1939, was worthy of the Army of the Second Republic.

Part II

During the period when the original POLSKA ZBROJNA was published, the Army enjoyed tremendous authority and sympathy on the part of our society. The society—certainly an overwhelming majority of it, including the young people, loved the Army, were proud of it, and saw it as a symbol of independence which had been gained and defended with much effort.

"Appeal to Soldiers" by Jozef Pilsudski issued on 5 July 1920, when the steam roller of the Bolshevik offensive moved into the interior of Poland, said: "Soldiers of the Republic! Poland has begun with you; our young freedom has been born and has grown strong with your labor and sweat, with the steel might of your bayonets."

Several weeks later, the soldiers of the Republic defended this young freedom in the victorious battle of the Vistula. They did not fail the people, and the people remained profoundly grateful to them. The Army did not fail the people in September 1939 either. The lone Polish Army did more at the time than it was supposed to do. However, it could not carry out the unfeasible order to defend the motherland, and do not let anybody say that the Army was at fault in the September defeat. After all, no army in the world of that time was capable of containing the German military machine bolstered a fortnight later by a treacherous strike of the Red Army against the rear area of troops fighting the Germans.

When the time of occupation came, the soldiers of the Second Republic were the ones to carry on, at home and abroad, the fight started on a September morning. After all, it was the personnel of this Army who managed to restore the Polish Armed Forces in the West, build the Home Army of almost half a million people, and make a substantial contribution to forming and training the Polish Army in the USSR, despite the fact that a tremendous proportion of them were killed, murdered in the Katyn Forest and in other places of execution which are unknown today, or ended up behind the barbed wire of officer camps. All of this reinforced the respect of the Poles for their Army and reinforced the authority of the Army.

At present, the situation is the exact opposite. The attitude of the Poles toward the Army is rather cold and

indifferent, although certainly not hostile because this would run contrary to our mentality. After all, such a phenomenon is occurring almost throughout a world which is proceeding ever more rapidly toward an era of complete disarmament, mutual integration, and the abolition of borders. The difference is that in Poland the attitude of the society towards the Army is still influenced unfavorably by the bad experience of the recent past. There is no concealing that the register of grudges and complaints of society against the Army is impressive; any attempt to do so would be embarrassing and nonsensical. The register, opened with the participation of the Polish People's Army in the armed struggle against the independence-minded underground in 1945 through 1947, includes items as painful as June 1956 in Poznan, the 1968 intervention in Czechoslovakia, the bloody events on the coast in December 1970, and, finally, martial law.

We know that the Polish Army built into the structure of the Soviet military bloc was not an initiator of these actions but participated in them against its own will, as a result of decisions of the political leadership of the state, doing everything possible in order to keep the tragic consequences of these events to a minimum. We know that its current cadres, a tremendous majority of whom consists of people who were children or merely received their first officer ranks in 1956 or even in 1970 cannot be faulted for this. Finally, we know that all of this is in the past which, we are profoundly convinced, is gone for good.

However, this past continues to live in the memory of the people, as well as in the memory of the cadres of our Army. This is exactly the reason why these cadres feel frustrated at present and display a tendency to isolate themselves from society and shut themselves within the confines of their own problems, despite the fact that they are not in the least responsible for what has happened, with the exception of fewer and fewer individuals.

This certainly does not foster breaking down the wall which communism erected between the Army and the people in the course of 45 years. However, this wall has to come down ultimately in the name of the future of the truly sovereign Republic. This is not going to be easy. The editorial office of POLSKA ZBROJNA is fully aware of this as well. Nonetheless, we must ultimately embark on breaking down this wall.

Part III

However, the crisis of confidence in the Army is only one-half of the truth. There is a different, brighter side.

It turns out once again that the traditional Polish sympathy for the Army is stronger than the past offenses committed by this Army. As the latest CBOP [CBOS—Public Opinion Research Center] surveys suggest, over one-half of those polled state that they have confidence in the Army. Some do not consider these surveys reliable; however, goodwill towards the Armed Forces is

noticeable without them. We observed numerous manifestations of it even under martial law, despite the fact that at the time the reputation of the Army had sunk as low as ever. However, at the time the Army did not shoot at the Poles, did not hit them with butts, and did not disperse demonstrations. Our society remembers this.

This society, and certainly its reasonably disposed majority, does not have to be convinced that in this new Europe, a Europe of the late 20th century, Poland needs a modern, efficient, well-trained and commanded army which amounts to an inalienable attribute of the sovereignty of the Republic. The Poles know this full-well, as well as the fact that at present it is a completely national army under the sovereign Polish command which is not subordinated to foreign marshals, that it has finally stopped being a segment in a gigantic military bloc built by the USSR, which enslaved almost all countries of East Central Europe, and was the main factor of persisting tension in international relations, threatening the world with peril.

We waited for many decades for a Polish Army in which the people most dear to us, our fathers, sons, and brothers, serve to regain this sovereignty. This time has finally come. This undoubtedly boosted the sympathy of our society for the Army and brought the latter closer to the people. Therefore, it is time for the Army to become an active and creative cocreator of a new Poland.

This is a cause of tremendous significance for Poland. After all, the Army represents not only a certain military potential but also an intellectual, scientific, and technical potential. As far as career military personnel are concerned, these are tens of thousands of young people or individuals in their prime, who are educated, intelligent, physically fit, and full of energy and initiative. Do we have to explain how much the new Poland needs such people, how much their knowledge, drive, and qualifications are needed? The point is to fully utilize this potential in working for a reborn Poland; at present, the appreciation of this need is becoming increasingly common both in the Army and in the society.

One more remark which is very essential for the Poles: The Army always was, is, and will remain the depository and conduit for glorious traditions of the 1,000 years of Polish arms. We know how this looked in the past. Despite solemn and frequently repeated assurances of the PRL [Polish People's Republic] and PZPR [Polish United Workers Party] leaders that the blood of soldiers spilled for Poland cannot be segregated, this blood was segregated, and the treasury of martial tradition was drawn on, to put it mildly, in a highly selective manner. For many years, one motif dominated: Polish-Soviet brotherhood in arms enriched by the battle of Lenino, Kolobrzeg, the Pomeranian Wall, and the symbolic participation of the Poles in taking Berlin. As time went by, new pages were opened: furious battles of Polish September, Monte Cassino, and Falaise. However, numerous pages in the book of glory remained closed for the Army.

This is now changing. While not renouncing the tradition of Polish-Soviet cooperation on many battlefields (there is no reason to do so) and recalling fondly the courage and combat effort of the soldiers of the 1st and 2nd Armies of the Polish Armed Forces, the Army is also discovering other glorious pages of its history which until recently were either entirely closed or shown in a superficial and biased manner: the 1920 war, the abundant accomplishments of Polish military thought in the years of the Second Republic, and, though doomed to failure ahead of time, the tough resistance offered that memorable September to the Red Army invading across our borders. Items of special value which are without precedent in the history of other armies—the truth about the armed action, the battles, and the sacrifice of the most splendid and most tragic army which the Republic has ever raised, the Home Army—are added to the canons of historical awareness of the Armed Forces with a tremendous delay but in a very proper manner.

This is how it should be, all the more so because the resistance, martyrdom, and blood of soldiers were at the source of a historic change which is taking place in Poland. This must be said clearly now, when so many writers representing various orientations are searching for a turning point which initiated this change. August 1980 represented such a turning point for a tremendous majority. Others see this point in more distant times, associating it with the formation of the KOR [Workers Defense Committee], the strengthening of the opposition, June 1976, December 1970, or October 1956.

All of this is true. Yet, soldiers were the first to offer resistance against the enslavement of Poland—soldiers of the Polish Army and the Home Army. They were the backbone, cadres, heart, and brain of the underground defending Poland against sovietization; they paid the highest price for it. Despite the fact that they were defeated in this unequal battle, memory of their loyalty to the Polish cause and their gallant resistance survived all these years, giving strength to those who carried on their fight in other times and by different methods: shipyard workers, miners, workers of Ursus and Radom, opposition activists, and the people of December, June, and August.

Therefore, the words of Jozef Pilsudski "Poland has begun with you" addressed to the soldiers may also be applied to those who were the first to make a desperate attempt to defend Poland and the Polish spirit.

It is a great pity that most of these wonderful soldiers who defended the honor of the Republic to the end did not live to see the time when the colors of the Polish Army bow to honor the defenders of Radzymin and Lwow, the KOP [Border Defense Corps] soldiers crushed by Soviet tanks, and their older comrades in arms who were murdered in Katyn, in UB [Security Administration] prisons, and in NKVD [USSR People's Commissariat of Internal Affairs] underground prison cells, and perished in Vorkuta and on the Kolyma.

It is exactly this, the remembrance by the Army of the people whom [the previous regime] tried to erase from the memory of not only the Army but the entire people, that brings the Army closer to the society.

All of this taken together, including the very favorable way in which the message on the resumption of POLSKA ZBROJNA was received in many influential communities, considerably improves the opportunities open to our newspaper and makes it possible for us to look forward to its future with optimism.

Part IV

Will we be able to take advantage of this opportunity? We do not know, but we will do everything to accomplish this.

We want POLSKA ZBROJNA to be a good and interesting newspaper which counts in the press market and is read by both the army and the civilians.

In keeping with the tradition of the Army of the Second Republic, we want our newspaper to be apolitical as well, namely, as far as being a party to any dispute of a political nature, an exponent of a particular option, or the tribune of a particular party or grouping. Pursuant to the principle of pluralism, the newspaper should present various options and programs leaving the choice between them to the reader. However, POLSKA ZBROJNA is also going to be a political newspaper because we want it to express Polish reasons of state and to facilitate changes under way in Poland as a result of which we should become a completely free and sovereign rule-of-law state. We will also reveal, condemn, and combat all attitudes and actions which delay this process.

We intend to portray and encourage changes under way in the Armed Forces. The scope of these changes is tremendous, but the knowledge that society has about them is negligible. The military press has actually descended to the level of garrisons, whereas the civilian press reports on these matters in a selective and not always competent manner. Therefore, this duty devolves on us. Performing this duty, we will report on structural and organizational changes under way in the Army, the new Polish defense doctrine, the place of our Armed Forces in a rapidly changing Europe, the successfully advancing process of humanizing military service, the role the Army plays in the economic life of our country, as well as the achievements and difficulties, intentions and plans of the Army. We are convinced that in this manner we will contribute to tearing down the wall which still separates the Army from society and to rebuilding the authority of the Army and regaining the good will and sympathy of the public. We believe that in this manner we will bring the issues of the Armed Forces closer to the populace, and especially to its intellectual and political elites for whom such knowledge is necessary. After all, the Army is too significant, sensitive, and complex an organism for those whom the people have

entrusted, or will entrust, with governing Poland to be unaware of its issues and peculiarities.

In a form proper for the military newspaper, POLSKA ZBROJNA will also take into account the fact that an overwhelming majority of society, and thus the Army, consists of religious people, members of the Roman Catholic Church.

Understandably, we will show the glorious traditions of our arms, provided that we intend to both narrow and broaden the scope of these traditions—to narrow it by giving up the propagation of imported models alien to Polish mentality and culture, which were forced on our Armed Forces, and to broaden it by invoking the glorious chapters from the history of the Army which have thus far been passed over in silence or falsified. We do not intend to leave out the less glorious episodes in the history of our Army. This would be a policy of self-delusion which would produce results opposite to those intended. We wish to remain honest in this matter as well. Honesty requires that events be shown in their entire complexity and in an historical and political context, as well as that the ability to distinguish the Army as a structure from the people of which it is comprised [be displayed].

Finally, we want the Polish Army cadres to treat POLSKA ZBROJNA as their own newspaper. We count on their help and goodwill; in return, we would like to offer them our advice and help in solving various problems they are facing, cooperate in building bridges between them and our society, and make it easier for them to straighten their backs.

Nobody has to love the Army; nobody has to even like it. Both the Army and conditions existing in it may be criticized. However, the Army should not be insulted. It must be respected. Our newspaper also wants to take part in shaping this very attitude on the part of society toward its Armed Forces.

These are our intentions. Will we be up to them? Once again, I answer: We do not know. Time will tell. However, hopefully we will succeed. After all, the issue involved is incomparably greater and more important than the success or failure of one of the new newspapers, quite a few of which have recently emerged—it is returning the Army to the people.

Confederation for Independent Poland Leader on Army's Role

90EP0885A Warsaw ZOLNIERZ POLSKI in Polish
No 33-34, 19-26 Aug 90 p 9

[Interview with Leszek Moczulski, chairman of the Confederation for an Independent Poland, by Wladyslaw Misiolek; place and date not given: "Points of View—We Need a Different Army"]

[Text] [Misiolek] In its program, the Confederation promotes independence and Polish sovereignty. From this point of view, how does KPN view the army and defense of the country?

[Moczulski] Before answering the question, I would like to express our position regarding the army that is called the Polish People's Army [LWP]. It has done too much to alienate the public for Poles to think of it as their army. If it fired shots after the war, it was at Polish citizens; in the country, it was pacifying its own people, and outside our boundaries, it helped to put down the movement toward freedom in Czechoslovakia. The army, although it was called "Polish," was an adjunct of the Soviet Army.

[Misiolek] I believe that several military generations will feel wronged by that evaluation, for they felt themselves to be Polish soldiers....

[Moczulski] What I have said does not pertain to individual persons, at any rate not to all. They could not choose a different army and most of them probably wanted to serve Poland, and it is not their personal fault that the army allowed foreign domination and stood guard for a system rejected by the people. Facts, however, are facts and we must say even more about them: the good of the army requires that it should unequivocally separate itself from disgraceful traditions of the Polish People's Army. Especially since these were not always its traditions. Persons of the type of Capt. Oksanicza, who fought against the defenders of Polish independence were not Polish heroes.

[Misiolek] Does KPN not see the changes taking place in the army?

[Moczulski] The fact that people in uniform appear next to Walesa, that the army participates in church celebrations, this is decidedly too little to make the army enjoy the respect and love of the public as was the case of the army of the Second Republic. It must become a different army—Polish, bound with the people. Changes must be radical and in all areas. Most urgent are personnel changes. These should pertain not so much to line officers as, first of all, to the former political apparatus and the older generals. What is concerned are not only political and moral criteria, although these are especially important; in the army there can be no place for majors and colonels who become short of breath after running 100 meters. Essential also are organizational-technical changes and changes in strategic concepts and defense doctrine.

[Misiolek] In what sense?

[Moczulski] They must take into account the following principles: first, our defense forces are to serve Polish interests exclusively; second, there is no place in the army for politics, and third, we must have an army capable of defying every enemy.

[Misiolek] Isn't it so?

[Moczulski] It has not been and it is not. Since the beginning of the existence of the Warsaw Pact, it was planned that, in an eventual war, the Polish People's Army would participate as a component unit, as an auxiliary formation of the Soviet Army, without taking into account the interests of Poland. Evidence for this is the fact that strategic-operational plans assigned a strike at the Ruhr Valley to the Polish armies. Our interest was to fight for the Oder-Neisse Line and not the Rhine Line. That was the interest of the Soviet Union. When in his time, Gen. Z. Duszynski brought up this matter, he was relieved of his post.

In spite of the radical change in East-West relations, the new defense doctrine assumes that the Polish Army must be ready to act in union with the Soviet Army, and this is supposedly conditioned by the geopolitical position of Poland. Without going into the problem of alliances, since that is a separate subject, I would only like to emphasize that the army is not a matter of alliances, alliances are a matter for politicians. The army must be capable of defying every enemy should the need arise; this applies also to yesterday's ally. Therefore, there is no place in the army for politics just as there is no place for politics in education and training of soldiers. If a soldier wants to be engaged in politics, then let him take off his uniform and become a politician.

[Misiolek] Can we afford an army capable of defying every enemy?

[Moczulski] This doubt can also be found among the military. Obviously, not every enemy can be conquered, but a decided battle must be waged against every enemy. This is the basic duty of defense forces. The soldiers of September 1939 were equal to it; the present army should be capable of it.

[Misiolek] You have said earlier that the Polish Army should be a different army. What kind? The question pertains to organization, armaments, training.

[Moczulski] Poland must have a strong army, a very strong army! This does not mean that it must be large. I believe that our defense system should consist of two basic elements: a strike force and a deterrent force.

As far as a strike force is concerned, their numbers can be limited to several tens of thousands of professional soldiers. Literally, several brigades would be sufficient, but, at the highest level, equipped with arms capable of a precision strike, trained to perfection, even better than the American Green Berets and the Soviet commando divisions. The brutal truth is this: these must be the highest class professionals for battle, for killing. These would be very mobile detachments capable of practically immediate action at every point of our strategic theater. They would also be expensive, but means for an army, especially for equipment and training must be found. It is time to stop economizing on the real army budget, and high time to stop throwing money down the drain under the pretense of defense expenditures.

[Misiolek] What is your conception of the second of the elements mentioned: deterrent force?

[Moczulski] Since we do not have nuclear arms, and we do not have arms like the SS-20 rockets, organized territorial defense forces must serve the function of a deterrent force. I am thinking of detachments composed of the best prepared residents of a given region. The anticipated numbers of such forces in case of war would be approximately 300,000 persons. Thirty thousand professional soldiers subordinate to an inspectorate would be enough to train and command them.

[Misiolek] Do you think that 300,000 part-time soldiers, part-time civilians is a force capable of deterring an aggressor?

[Moczulski] Yes, even an aggressor with an army of several million. These 300,000 would be people trained in the course of periodic exercises, knowing their commanders, their equipment, and the terrain very well, capable of immediate action after invasion by enemy armies. But in case of need, these detachments would be reinforced by new people and would be converted into partisan units. Their strength would be that they would carry out activities on their own terrain and have the support of the public. A 300,000 person partisan army prepared in advance, adaptable to rapid increase, would act as a deterrent to any enemy. The aggressor would be aware that even if he invades our territory, he will not be able to control it. In order to actually control an area, an army is needed that is ten times greater in numbers than the partisans operating there. The occupation army would have to number 3,000,000, which exceeds entirely the capabilities of the Bundeswehr and, actually, also the USSR. Knowing this, the potential enemy would rather give up aggression—and it is on this that the reality of deterrence depends.

[Misiolek] Listening to you, I remember another interview. Years ago Commander of the Viet Cong Gen. Nguyen Giap [as given] explained the idea of a people's war in a similar way....

[Moczulski] The Communists did not invent the people's war, its principles were known for a long time in Poland also, but our common movement is the prototype of territorial defense forces. Imagining the implied meaning in your point, I will add: preparing a public for defense does not mean militarizing it or having the army dominate it. It can be done following the example of the Swiss. In that country, every citizen has an assigned place in the defense system of the country. The Swiss even keep uniforms in their homes, but it can hardly be said that theirs is a militarized country.

[Misiolek] The question arises of the relations of the Confederation to pacifist movements....

[Moczulski] Pacifist movements are funny, but they can be threatening. In Poland they are not threatening yet. We are speaking of the defense of the country as being a

matter of the public. This requires adequate preparation which should begin in school.

[Misiolek] The press writes with mixed feelings about the Rifle Club formed by the KPN. You are also its commander so I can get a first hand answer to the question: what is the Rifle Club, what are its tasks, and whom does it serve?

[Moczulski] The main task of the Rifle Club is breaking down the negative attitudes, particularly of youth, toward the army. That is the first, the second is initial preparation of the future army corps; most likely many of our riflemen will find their way to officer schools. And third, I see them as the future element of the territorial defense forces mentioned earlier.

The Rifle Club is not a fighting squad of the KPN as has been imputed. Actually, its members carry out police duty during our rallies and other gatherings, but this has nothing in common with military activity. We do not need a fighting squad since the Confederation can realize its program goals only along a political road.

[Misiolek] Thank you.

[Box, p. 9]

Confederation for an Independent Poland

The KPN is a continuation of the political trend set by Jozef Pilsudski. In favor of complete independence for Poland, it speaks against the Yalta decisions with respect to our country. Its program envisions a nation completely democratic, based on respect for human rights and on an economy in which private property is dominant. In the Confederation, right-of-center views dominate but pluralism is permitted.

The KPN wants to assume power by political means. It demands a revision of the policy with respect to the USSR, including removal of the Soviet military from Poland; it demands radical changes in economic policy in a pro-welfare direction and in making production dynamic; and it postulates real political pluralism by giving the parties equal chances, including access to mass communication.

The highest authority of the KPN is the Congress which selects the Political Council and the chairperson of the Confederation. From the beginning of the Confederation's existence, Leszek Moczulski has been its chairperson. An informal presidium of the Political Council of the KPN is the Standing Commission which includes, in addition to the chairperson, Krzysztof Krol from Warsaw, Zygmunt Lynek from Krakow, Adam Slomka from Katowice, and Dariusz Wojcik from Lublin. The Confederation has its own printing house, Wydawnictwo Polskie [Polish Publishers], and publishes the weekly, OPINIA.

[Box, p. 9]

Leszek Moczulski

Leszek Moczulski is 60 years old, a journalist by trade. For his political views, he was released from TRYBUNA LUDU, ZYCIE WARSZAWY and other papers as well as from TV. His longest tenure was with the weekly STOLICA. During that period, he also published in ZOLNIERZ POLSKI. After being banned from journalism, he published sporadically and under pseudonyms.

After the rise of the Movement for the Defense of Human and Civil Rights, he became its spokesperson and edited the opposition paper OPINIA. He is the author of many works on historical and political-military subjects. His [book] "Polska Wojna" [Polish War] appeared in 1972 and "Rewolucja bez Rewolucja" [Revolution without Revolution], in 1979. He published a series of works on political subjects in small presses and abroad.

Since the mid 1960's, linked with the underground independence movement, he edited a theoretical paper of this movement, DROGA, and was the editor of the informative paper, GAZETA POLSKA. Cofounder of the Confederation for an Independent Poland, he has been its leader since its founding. He was arrested and jailed many times for political activity in the Polish People's Republic. The Confederation for an Independent Poland (KPN) is the oldest party of the former opposition. It was proclaimed on 1 September 1979, when the ideological declaration of the group was read at the Tomb of the Unknown Soldier in Warsaw.

New Military Group To Educate Troops on Neglected Traditions

90EP0878A Warsaw ZOLNIERZ
RZECZYPOSPOLITEJ in Polish 17 Sep 90 p 4

[Interview with Captain Jan Banbor from the Group for the Dissemination of Polish Army Tradition, founded in the Education Section of the Department of Education, by Cpt. Apolinary Wojtys; place and date not given: "The Truth, the Nation and...Reality"]

[Text] [Wojtys] Tradition-based education is a direction of instruction not at all new to the army. Thus, what is the reason for your new group?

[Banbor] Before I present the main areas of interest to us, I would like to emphasize that training based on tradition has thus far served propaganda rather than educational functions in the WP [Polish Army]. Changing this state of affairs, among other things, is one of our fundamental goals. We want to draw on the more than 1000-year tradition of our army, not by selective and instrumental means but simply in an objective manner, with particular consideration given to that which has not been presented until now and which has remained, let us say, in the shadow of history.

[Wojtys] Therefore, there is some sort of tendency, isn't there?

[Banbor] I shall answer by quoting Chancellor Andrzej Zamoyski from nearly 230 years ago who, in formulating a program of reform for the Polish Republic, stated the following, among others: "It is not enough to create laws; we must also instill in people the capacity to love and defend their Homeland." I feel that despite the passage of time, the significance of the chancellor's words has remained timely.

Our work is steered by a similar goal: the vision of an army in the full sense of the word—a national army filled with the spirit of patriotism and aware of all its historical roots.

[Wojtys] Which "blank spots" will you try to eliminate?

[Banbor] Here, in spite of everything, I would like to do justice to our predecessors. In terms of presenting the military traditions of the Polish nation, in general, a lot was truly accomplished in the WP. However, certain gaps and vagueness could not be avoided.

Therefore, in the process of restoring splendor to all our military-national traditions, we wish to bring into prominence particularly the commendable chapters of the history of our battles in defense of the Constitution of 3 May and treat them as a kind of model of Polish patriotism—patriotism based on readiness to make the greatest sacrifices which does not necessarily mean dying with a weapon in hand. Service to one's country, interpreted as, for example, work associated with cultivating Polish culture and traditions in whatever manner, was equally as important then.

In restoring these national traditions we will also popularize, among other things, the issues associated with the armed action of the Polish Legions, the Polish Military Organization, the Polish Auxiliary Corps and the war of 1918-20. From the period of the Second Republic, it would appear that besides strictly military issues, it is also worth drawing on and disseminating the military training ideal of that time as well as the methods of fulfilling a genuine culture-promoting role in local communities by military units and garrisons.

From the history of World War II, it is imperative that general knowledge about the traditions of the Polish Armed Forces in the West and the Polish underground state be filled in because the morale of the soldiers of the establishments and formations of that period was something truly exceptional in the history of wars.

Therefore, these are indeed far-reaching revaluations in the presentation of Polish armed traditions pertaining mainly to substantive issues but not only to them.

[Wojtys] Have you found some sort of unusually successful method of influencing instructional results?

[Banbor] As I have already mentioned, we want to, above all, break off with the one-dimensional method of

training in traditions and present them in a multifaceted manner. This process must be tied to a bolder approach to controversial issues with a concurrent renouncement of so-called partial truths. Moreover, history should again be personified, i.e., presented through the prism of individual fate as well as figures and examples not only of those that were the most outstanding.

In our concept of military training in our own national traditions, we also find, among other things, cooperation with communities that until now did not have official consent for such activity as well as the maximum use within this process of local and regional traditions that carry a particularly high degree of valuable emotions in terms of military training.

We want history to serve life which does not mean that it should be at its service. This is a big difference which until now has been frequently made light of. Let us remember that a leader-instructor who has been caught in a lie once loses moral authority among his subordinates forever.

[Wojtys] That's right. How do you plan to upgrade the training of the cadre which, and there is no hiding this, most frequently knows history selectively?

[Banbor] The entire concept of education in the military is changing. The WP Department of Education does, indeed fulfill an inspirational and substantively ancillary role as the GZP WP [Main Political Directorate, Polish Armed Forces] once did but this time without obligating anyone to carry out something, immediately, as was often the case. Thus, we have decided to carry on in the same way. We, therefore, assume that filling in the gaps in the historical education of soldiers and career military men as well as that of the basic military service corps will take some time. However, we do not want to accelerate anything unnaturally. At the same time, certain work, e.g., program-publishing has, of course, already been undertaken. The WP Department of Education employees are not the only ones who take part in this work.

[Wojtys] And what specifically has your group accomplished so far?

[Banbor] During two months of activity of the three-member group (besides Captain Banbor, Major Tadeusz Krzastek and Captain Adam Orawiec—associated with the AW [Military Academy] are also involved in it), we have been able to finalize the following undertakings,

among others: the development of a formula for inheriting traditions and historical names by the WP (soon, we shall deliver this document to training officers in the field); the elaboration of principles for the creation of tradition halls (we are breaking away from exposition rooms arranged everywhere according to the same mold in favor of the exposition of the history of the military's own units and regions in which they are stationed); and the establishment of contact with organizations and associations that cultivate the commendable traditions of our armed forces for the purpose of enabling their broader active participation in the WP ranks (e.g., the Association of the Dabrowski Mazurka, the Foundation of the Tomb of the Unknown Soldier, the Union of Polish Legionnaires, the Oleandry Foundation, etc.)

Moreover, we are also actively involved in, among other things, seeking out and properly honoring people deserving of praise for their work on behalf of training based on military traditions, particularly those who until now have been overlooked for political reasons. We are also encouraging military (and not only) scientific-research centers and the publishing department to take up concrete activity. All of this takes place within the framework of unceasing work on a cohesive, genuine and—most importantly—realistic concept of training based on tradition....

[Wojtys] Since we are speaking of reality—how much money do you have available for all this?

[Banbor] Five hundred million [zlotys]. That much and only that, when one considers, for example, that the smallest photo for a tradition hall currently costs approximately 50,000.... However, we are counting very strongly on all hobbyists and enthusiasts who for years have cultivated military traditions in various forms regardless of their political origins. The only thing is that they did this, so to say, privately. They will no longer have to conceal anything. Quite the contrary, they can always count on the military within the scope of our modest means.

[Wojtys] Captain, sir. Permit me to ask a somewhat personal question in conclusion. Where did people in our army who think about history the way that the members of your group do and who move about in it so professionally receive their training?

[Banbor] Naturally, this will surprise some but the answer is in the WSO [Higher Officers School] and the WAP [Military Political Academy].

[Wojtys] Thank you for the interview.

CZECHOSLOVAKIA

Klaus Insists on Speedy Privatization

91CH0035A Duesseldorf WIRTSCHAFTSWOCHEN
in German 5 Oct 90 pp 74-77

[Interview with CSFR Finance Minister Vaclav Klaus by Roland Tichy; place and date not given: "Trusteeship? Absurd!"]

[Text] [Tichy] Minister, you are starting as a market-economy reformer in Czechoslovakia. If you compare yourselves with the GDR, how far have you progressed with the reforms?

[Klaus] We have no big brother who pays our debts. We have to do that ourselves. On the other hand, the currency union is an act of violence for the GDR, in practice exposing its economy to an exchange rate which is insane for them. We can mitigate that through the slow decontrol of the crown.

[Tichy] Does this mean that the crown will not really be freely convertible?

[Klaus] What does free convertibility mean? The Italian lira has only been set free from all restrictions in the last few months, and the Austrian schilling is still far from it. We cannot decontrol the crown immediately. We can only make sure that the crown is freely exchangeable internally and that with it, the enterprises can buy as much foreign currency as they need. That finally frees the government from having to allocate foreign currency, which it cannot do anyway. And we shall devalue the crown substantially in order to move it in the direction of its market value. But then we shall have to introduce a high import tax, so that no inflation is imported.

[Tichy] The World Bank and the International Monetary Fund call upon you for faster reforms.

[Klaus] The talk about the rapid reforms in Poland and Hungary, and our slow ones, is nonsense. In Poland they have been reforming for 10 years. Now the Poles have taken drastic measures because they had to fight hyperinflation. We in Czechoslovakia have been reforming for only a few months and have at least come at least as far—with one difference: In the first half of 1990, we have barely 3.5 percent inflation. We are privatizing rapidly, and we are getting a tax reform through parliament. And we have brought our national debt to zero. Those are outstanding economic data.

[Tichy] How do you handle privatization?

[Klaus] In the first phase, we shall mail to every citizen a legal claim to parts of national enterprises. For this, a small, rather symbolic amount must be paid. In the second phase, these share certificates will be exchangeable for real shares in individual enterprises and will be negotiable.

[Tichy] So you are giving away the national enterprises rather than selling them. Are you not thereby waiving possible sales revenues?

[Klaus] In privatization, we are not concerned with raising funds for investments, or schools, or whatever, but rather with changing property rights. We don't want to shovel funds into the treasury!

[Tichy] You do not care for foreign investors?

[Klaus] We will permit foreigners to buy our enterprises only at the last privatization phase. We have nothing against that. But first of all, privatization must take place very rapidly.

[Tichy] And you also do not think much of a trusteeship agency à la the Berlin model?

[Klaus] No, really not. That would be absurd. It actually only creates a new institution of state interventionism. And that is precisely what we want to abolish in the CSFR. A trusteeship agency would only be the same old central-economy planning commission, with its same old staff at new desks: It changes nothing at all in central management and planning.

[Tichy] But it is the job of the Berlin Trusteeship Agency to privatize enterprises!

[Klaus] The managers of such an agency cannot have any interest in speedy privatization. Otherwise they would actually abolish themselves. And during the long transition period, the members of the old guard then help themselves to the pearls of industry.

[Tichy] Are such representatives of the old regime your most dangerous opponents?

[Klaus] No, they are lying low and keeping quiet. And they are also discredited among the population. The reformers of 1968 are much more dangerous. They are respected by the people, they have influence on public opinion and nurture the illusion that one can tackle the defects of the old system with reforms. This illusion about reforms is much more dangerous than the old bureaucrats!

[Tichy] Why?

[Klaus] Because it underestimates the structural defects of socialism. The reformers hope to remove the indisputable defects of socialism with a little more technocratic know-how or a modernization of the bureaucracy. That is nonsense: A fragmentary reform is much worse than no reform at all. Only radical reforms can help us—such as immediate privatization.

[Tichy] Is President Havel always on your side in this?

[Klaus] I have to speak and write and travel through the country and tell the people that reform will be hard—but that it would be even harder without reforms. I must also persuade the president time and again that, although this or that subsidy—today for farmers,

tomorrow for miners—is quite good for those affected, it is harmful overall. And we still have it easy right now: As yet we don't have powerful lobbies and interest groups as in countries with long-time market economies.

[Tichy] And what do you say to the workers in enterprises that are being closed down?

[Klaus] That happens, of course, and there are also strikes. That is an inevitable part of this development.

[Tichy] We hear that production is declining in the CSFR, also...

[Klaus] Nonsense! True, industrial production declined by 3.2 percent in the first half of the year. But that is easily explained: In part it is because the workers went on strike for reform and against the old regime. Brown coal production also decreased a great deal, but that suits us very well for ecological reasons. On the other hand, the service sector is booming. But that does not show up in the statistics, because the socialist ideology attached little importance to the service sector and, therefore, did not even bother to include it in the statistics. That is why our real growth is greatly underestimated at this time. In Prague so many restaurants and inns have opened—even a few too many for my taste.

[Tichy] Do you intend to shut down more brown coal power plants, as in the GDR, for reasons of environmental protection?

[Klaus] If you tell me how we will then satisfy our energy needs, we can talk about it. But we have no possibility of getting energy. We buy our oil from the Soviet Union, but it is cutting down deliveries. Now we want to start operating an oil pipeline from the Adriatic through Yugoslavia and Hungary.

[Tichy] Oil from the Gulf region?

[Klaus] That is the problem. We have a high credit balance in Iraq, and as late as the end of July an Iraqi delegation was in my ministry to negotiate how these debts could be repaid through oil deliveries. This way out is now blocked for us because of the international embargo, which we naturally will join.

[Tichy] And your neighbor, Austria, demands that you shut down your nuclear power plants.

[Klaus] Then we would have to go back to brown coal, and that would be an ecological catastrophe. On the other hand, there are also ecological arguments against nuclear energy. That is what we are discussing hotly in Prague at the moment: brown coal or nuclear power.

Sociologists Review Attitudes Toward Economic Reform

90CH0450A Prague LIDOVE NOVINY in Czech
17 Sep 90 p 4

[Article by Marek Boguszak, Ivan Gabal, Vladimir Rak: "Where Do the Actual Social Risks of Reform Lie?"]

[Text] The scenario of economic reform is finally in the hands of parliament and will likely be approved. However, will we, all of us, who are accustomed to socialist comfort and unaccustomed to the insecurities of the marketplace accept it? Can we tolerate all of the joy of freedom and of the velvet revolution, including its recomputation in terms of price increases, layoffs, and worries about subsistence? Will we really be looking for new opportunities for work and for earning a living, as the scenario prescribes for us, or would we rather "overthrow" the government with strikes and wait for a better one, perhaps a communist one, to bring about change?

Judging by the commentaries, the considerations of the social risks involved in the scenario did not penetrate beyond its possible consequences with respect to employment and prices.

The members of the parliament are clearly relying on their opinions, since the institution which might help assess the reaction of the public was absent from among the reviewers of the scenario. This is no accident. Sociologists—in comparison with the economists—have, for the time being not presented proof of their usefulness. However, they do know a good many things.

The AISA, the group for independent social analysis, completed two investigations this year. Based on its analysis, it is possible to state the following with respect to any possible social pass-through inherent in the reform:

1. Support for the reform is declining with time. From January to May, on the other hand, there were growing fears and a willingness to strike. The longer the reform is delayed, the longer it will take—fragmented over time—the more growth will be experienced with regard to social resistance. The proponents of the gradual variant, who argue against the economically justified accumulation of changes, are wrong. The socially defended extension of the reform over time will, on the contrary, make it more painful and will increase the probability of its rejection precisely for social reasons.

2. We have missed the optimum time for initiating the reform. It was at the beginning of the year. The reform was accepted with enthusiasm as a revolutionary requirement. Today—no matter how it is formulated from an economic perspective—it is primarily a political problem. It will be "pushed through" by a society with multifarious interests in which not even an opposition is lacking which is ideologically based on the "certitudes" and "advantages" of "authentic socialism." The social circumstances involved in implementing the reform will

be the subject of political conflicts and the instrument of the political struggle. The nomenclatura structures which were originally shaken and incapable of resistance are already substantially more consolidated and will be putting forward precisely social arguments. In this situation, the future of the reform is dependent upon the political strength of the Civic Forum Party and the Public Against Violence (VPN) Party, on the climate which these decisive and strategic political forces will create.

3. The decline in enthusiasm and the growth of realism makes the reform more dependent on its political support and upon the economic interests of the citizens. Without them, government policy will fail. But the macrostructural aims of the reform and delays in creating favorable conditions for entrepreneurship among our citizens have resulted in the fact that, currently, the entrepreneurial interests and entrepreneurial circles are not sufficiently strong to actively prosecute the reform. The social grouping, whose political support for the reform would stem from their existential economic and entrepreneurial interests, is lacking here. Also lacking is a corresponding political platform—a liberal party defined by economic policy. The reform scenario pays tribute to its expert origins. It monitors the macrostructural prospects of large enterprises and of foreign capital. It takes substantially less account of the financial, tax, and other revival factors of entrepreneurship and of entrepreneurial interests at the middle and “small” level. It thus also increases the social risks because it is precisely the smaller “domestic” entrepreneurial activity which will be the principal producer of job opportunities for those who will be “forced out” of industry and agriculture. Foreign investors will not increase the number of job opportunities, but rather reduce them.

4. Interest in the economic reform in our country continues to be stimulated politically—by rejecting socialism, and intellectually—through the recognition that the best medicine for our ailments and the best way to liquidate socialist conditions is exactly a market economy. However, “a suprapersonal” political interest in the reform is unstable, fragile, and socially limited. It does not stem from specific economic interests or positions, nor is it based on conviction or belief. It is stimulated by education and by a general cultural longing for a modern democratic society. The basis for these proreform attitudes is found in the OF/VPN as a broadly based democratic and rationally established reform movement. For the present, there is no other reform political force in the country, more precisely, it has no support. This must be realized both by the leadership of the OF/VPN and also by its parliamentary delegates. It is precisely and exclusively on the basis of their positions that the public will measure the merits of the scenario. Both ministers and the government will have to take this into account. Their economic and reform policies are dependent upon the policies and strategies of these movements. If the OF/VPN were to lose the reform initiative, the moment their policy loses

its penetration and rationality in favor of temporization and opaque compromises the rapid and total disintegration of the political hinterland of the reforms would ensue. It is precisely this that makes our situation so very fragile politically.

5. Virtually one-half of our public rapidly moved from enthusiasm to realism, from ardently calling for changes toward fear of their consequences. The change ceased to be a unique opportunity and has moved to the position of being a necessary evil. This is where the greatest danger based on delay lies: in the opportunity for changing the social climate from “November” to a “compassionate” Polish variation. For the time being, the distance between expert government policy and everyday life, where there is danger of developing a “we and they” relationship, is growing. Caution is growing, the willingness to actively participate in the reform is declining. Inconsistencies and conflicts involved in judging current policy are growing: a combination of support and fear, which leads to anxiety, passivity, and emotional reactions, including rejection-type reactions. This naturally makes the tendency toward strikes higher and the tolerance with respect to the reforms is limited primarily by the effects of these strikes upon the standard of living. According to our results, the tolerable limit of the decline in the standard of living lies somewhere around the 25-percent level. This is clearly also the limit of the tolerable social pressure upon those social groups who will not “voluntarily” change their lives and who reject the reform, either covertly or overtly, because it threatens their social comfort. However, the political complexity of the reform consists precisely of the fact that, today, a change in the economic conduct and life strategy of a sizable portion of the population can already be caused by even negative pressure—by the destabilization of social certitudes—something which the reform policy should not be concealing if it does not wish to expose part of society to the danger of total decline into apathy, poverty, or destructive action. From the above estimate, it is not clear that the cost of living could not rise to a level higher than the 25-percent growth. However, this presupposes that “escape” opportunities for active economic action on the level of entrepreneurial and financial opportunities of our population will be constantly cultivated politically as well as economically. It further presupposes that the social safety net will not only be well-prepared, but that the general public will be aware of this preparedness and will be familiar with the functioning of this net, even from the perspective of its everyday horizon. For the time being, social policy has not taken this fact into account, either at the governmental level or at the local administrative level. From the scenario, it is not clear whether anything in this regard will change.

Slansky Land Reform Program Discussed
90CH0454C Prague ZEMEDELSE NOVINY
in Czech 27 Aug 90 p 5

[Article by Eng. Borek Jankovsky, Economists Club of the Agriculturalists and Countryside Association: “The Third Land Reform and the Slansky Agrarian Program”]

[Text] The Slansky Farmkonzult Corporation issued on 27 July 1990 an agrarian program [ZEMEDELSKE NOVINY 11 August 1990]. As the joint author of the Third Land Reform, I looked forward to this as a solid, professionally accurate and serious proposal. I hoped that the discussion would evolve to the advantage of our agricultural production amnd countryside, three months after the Third Land Reform was first issued.

The Slansky program demanded the rehabilitation of village inhabitants who have been harmed. This is proper, and was a fundamental part of our proposal on 10 May. One also finds in the Slansky program the correct attempt to strengthen village self-administration. We presented a framework for this in our rehabilitation request, which also related to common land. Strengthening the financial situation of village self administration can be accomplished easily, effectively, and without additional administrative demands. Part of the agricultural taxes paid by enterprises and owners of agricultural land on the village land register, could be distributed to the village as ongoing income on the condition that these resources be used to improve the ecology of the village land register properties and to improve the overall environment.

One cannot accept the Slansky program proposal to transfer state land to village ownership, so it could then be rented out to efficient farmers and agricultural enterprises. Communal ownership of agricultural land does not renew private ownership of efficient small farmers or their ownership ties to the land. Rent, to the extent that it does not convey use rights to an agricultural cooperative of which the farmer is a member, always results in inefficient management and, towards the end of the rental term, to ruination of the land and its fertility, to a fragmenting of the land stock. The efficient farmer is weighed down both by his tax obligations to the state and his rental obligation as well. One cannot speak of privatization in such cases, but about the transfer of state land ownership to community land ownership.

A Land Bank, as a corporation under the supervision of the National Council, can assure the privatization of state land in the hands of efficient farmers in a rational and professional manner. In villages professional supervision and reform execution is haphazard, administration is impossible or would require a significant increase in village administrative personnel to accomplish. Reform is a nationwide and long term objective. It should not be entrusted to changing village representatives and officials. For similar reasons one cannot agree to the transfer of state land to village ownership that had been worked by state agricultural enterprises prior to February 1948. Nurseries, research facilities, military reservations, seed producers and enhancers, and breeding enterprises that are state enterprises or under state administration should not be turned over to village ownership. This practice was well known in the first Czech Socialist Republic.

Gifts to the state or, more precisely, forced gifts to the state must be invalidated at the request of the giver or his heirs. There were more than a few instances when land was actually voluntarily given to the state, so giving cannot be terminated as a whole, but upon individual request.

A landowner cannot dispose of his land freely, but must adhere to standards for its rational and ongoing management. Landownership must take precedence over use rights, not the other way around. Use rights, in other words, can never be for free, as provided by the new land use law. It is surprising that the Slansky program is tactfully silent about this fundamental problem.

In terms of renewing ownership ties to other cooperative property the situation is very complicated and cannot be resolved as suggested in the Slansky program, i.e. randomly, state subsidies, buying up buildings and inventory after a farmer enters a JZD, etc. Capital investments are also complex when they were built with state support. However, to issue coupons to farmers for land is absurd. After all, this is land that is today under the individual ownership of cooperative members or their heirs. If these people sold this land they received its monetary equivalent. If they donated it their ownership rights would be returned after resolving the rehabilitation issue. This makes coupons unthinkable without a shadow of a doubt. If the question becomes one of compensation for land use, the current land use law establishes this use as without charge, in accordance with prior such laws.

Ownership shares and contributions are explained in a confused way. In particular, member shares cannot have different "weights" or differing contributions to profits, and therefore differing "voting weight". This is a proposal that would return our cooperative movement to the time prior to 1931 when internationally recognized and still valid cooperative principles were approved. Such a plan would violate the equality of all cooperative participants and their internal democratic life. Cooperatives are not corporations, and shares of a cooperative are not stocks. A member contribution is not an obligation and not a security.

Cooperative membership can come about only based on the composition of the membership share, acceptance of the member by the general assembly and the merging of capital assets according to statutes. However land can never be, and never was under the Communist government, a member contribution, as proposed by the Slansky program. It was provided for cooperative use and remained in private ownership. This puts the Slansky program at a considerably lower level than the Communists.

The idea of dealing with membership by allowing a farmer to retain ownership of everything and rent or lease it to the cooperative is completely confused. A cooperative member is a joint entrepreneur. By contributing a member share and merging his capital equipment, for which he is not paid, and his land, for which he

should have a rental agreement, the member not only participates in production, but also shares the entrepreneurial risk. Simply renting and leasing property does not result in any feeling of joint entrepreneurship and therefore is not the basis of cooperative membership.

The Third Land Reform even deals with the ownership of parcel producers. It assumes that state land will be sold to these producers, with possible additional sales from state lands in other villages.

The passage in the Slansky Program about proposed auctions is completely unclear, and it is not clear who it applies to. If it is meant to apply to all enterprises, I do not know why, and if only to failing enterprises then it is not clear how the Slansky Program defines it or why unsold property should go to the village, which played no role in its formation.

The Slansky Program mentions several selected and generally accepted principles of cooperative management, etc. The list is incomplete and it is not clear why these principles were mentioned. The proposed inexpensive loans for private farmers just starting out is correct, but inadequate. The Third Land Reform proposes a set of subsidies, subventions, loans, and other economic and social incentives. It also proposes allocating state land for reducing the guideline price and long term payments.

The final political pronouncements are strange. It is a shame that they do not conform to the proposal. This is not a matter of privatization, but of the transition from one form of land ownership to another. This will only push the privatization of state land into the future when it can be shown for sure that this form of communal ownership is only an aberration and does not renew the tie of efficient farmers to the land that they work.

Passions fester against mass production, but that is not enough. Size is not the question, but rather the internal democratic order of cooperative enterprises, the system of organization and management, and the elimination of state dictates, which is an effective basis for eliminating old structures. If the drafters had asked Prince Swarzenburg, he would certainly have told them that his kingdom was much more extensive and generated high profits.

But the basic consideration begins and ends with cooperative farmers, how they will organize their enterprises and what kind of system they will choose for organization, administration, and management. We can only take instruction from clarified cooperative principles that have been proven in many countries. One cannot organize agricultural cooperatives on behalf of cooperative members and their unions.

Complaints about expensive and poor quality agricultural products belong in the arsenal of political demagoguery. It is enough to look and ask foreigners who consider our foods to be enormously inexpensive and high quality. The issue is one of prices, relative prices, exchange rates, etc.

I am sorry that I didn't learn anything, at least of professional interest. The Slansky Program cannot be considered an acceptable and democratic solution for agrarian reform.

Agricultural Prices Causing Distortions

90CH0404D Prague HOSPODARSKE NOVINY
(supplement) in Czech 22 Aug 90 p 7

[Article by Zdenek Podebradsky, doctor of science candidate, Animal Husbandry Institute, Prague: "Prices May Cause Distortions"]

[Text] Up to now agricultural production was subjected to a number of directive restrictions. But, despite the restrictions, agriculture developed favorably. This can be seen from the graphs. Luckily the directive method of management has gradually disappeared over the last year.

Compulsory Sale

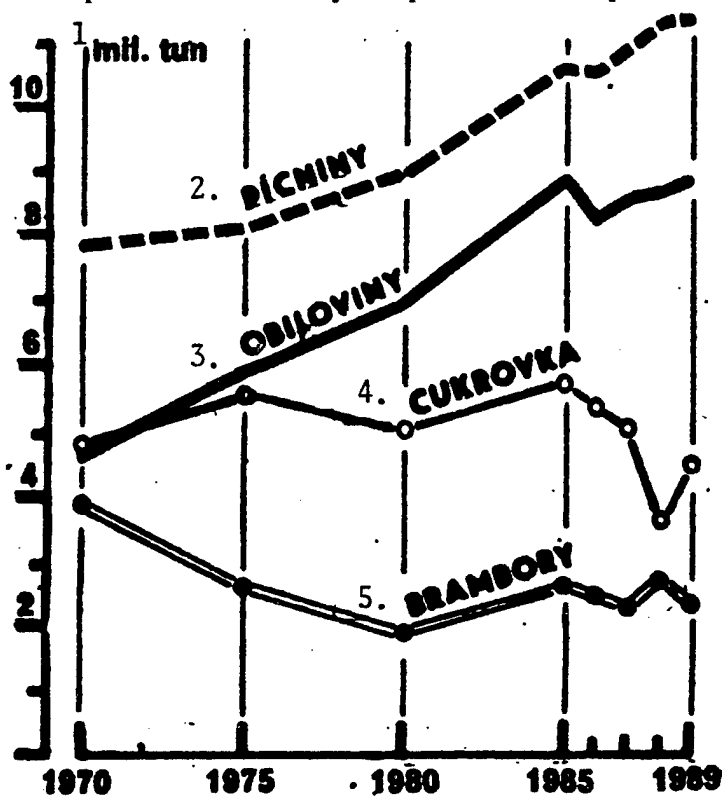
The enterprise's initiative was restricted most because it was not permitted to dispose freely over all grain for feed. Obligatory deliveries of grain for human consumption were prescribed for the enterprises. But they were not permitted to use all the feed grain they cultivated in their own products. On the basis of so-called normative consumption of robust feed per unit of livestock production (i.e., 260 g/liter of milk; 2.3 Kg/kilogram of live weight of fattened cattle) a limit of robust feed consumption was established in connection with the contractual quantity of livestock products. The enterprise had to sell all grain over this limit to the state. Understandably, this affected the utility value and costs of producers of "surplus" feed grain.

In this way the central agencies balanced the shortage of robust grain in less productive areas. However, it is questionable whether the consumption of this feed in less intensive areas (often accompanied by a lower standard of organization and worse economic results) was equally efficient.

In 1989 the price of agricultural products rose. The reason was to balance out the higher prices of purchased inputs (machinery, equipment, propellants, energy, fertilizers, buildings, etc.). Thus the increased costs for inputs and increased tax obligations were balanced; but the overall volume of profit from agricultural production essentially did not change.

However, in agricultural production, primarily livestock products were marked up, apart from a few special crops (e.g., hops). In respect to fattened cattle, the average attainable price, compared to the period 1986-1988 increased by 30 to 40 percent, particularly when cattle were fattened to a greater weight, the price of fattened pigs rose by about 25 percent, and milk by 20 percent. However, using this increase in prices to improve the economy is primarily hindered by the limited disposable quantity of robust feed.

Graph 1. Production of Major Crops in the Czech Republic



Key:

1. Million tons
2. Feed crops
3. Cereals
4. Sugar beets
5. Potatoes

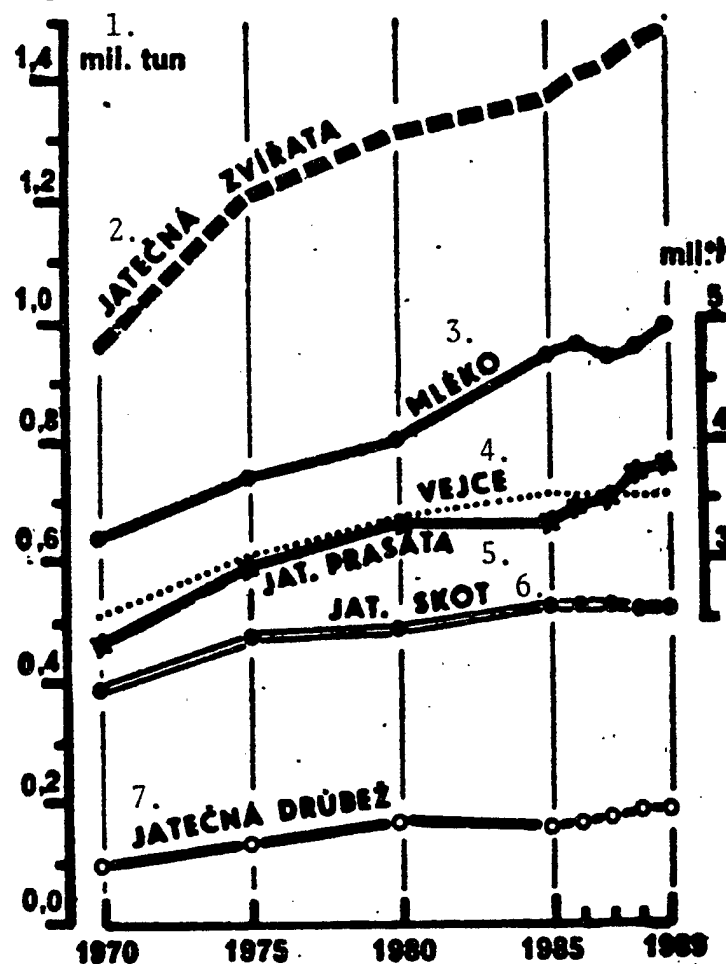
The price of grains also rose, but the increase was substantial only in high-quality grocery goods. The price of wheat for human consumption in 1989 versus 1986 increased from 1,800 to 2,700 Kcs/ton, i.e., by one-half, and first-grade quality malting barley increased by one-fourth. However, the overall volume of this grain constitutes less than one-fifth of total production. Feed grain used to cost 1,600 Kcs/ton and now costs 1,750 Kcs/ton.

In a market mechanism everything will depend on the price relations that influence the structure of market production. The price relations in our country are different to those in developed countries with a free market mechanism. This is demonstrated in the table. Generally speaking, one could say that livestock products are overvalued in the CSFR.

Price Relations of Agricultural Products in Selected Countries

Product	CSFR	Belgium	France	FRG	Austria
Wheat	100.0	100.0	100.0	100.0	100.0
Rye	128.7	103.9	96.4	99.3	88.2
Barley, malting	126.8	105.8	112.2	110.0	90.9
Barley, feed	82.7	99.4	96.2	96.2	77.6
Maize	123.5	—	104.2	114.7	79.6
Potatoes	104.4	47.2	—	44.4	32.2
Sugar beet	26.0	21.6	22.4	19.4	18.9

Graph 2. Production of Major Livestock Products in the Czech Republic



8. mil. litrů mléka, mld. kusů vajec

Key:

1. Million tons
2. Fattened animals
3. Milk
4. Eggs
5. Fattened pigs
6. Fattened cattle
7. Fattened poultry
8. Million liters of milk; billion eggs

Price Relations of Agricultural Products in Selected Countries (continued)

Product	CSFR	Belgium	France	FRG	Austria
Milk (1,000 l)	228.0	124.0	138.0	141.0	109.0
Eggs (1,000 units)	765.0	454.0	726.0	596.0	531.0
Fattened cattle	1,327.0	962.4	966.8	738.8	637.5
Fattened pigs	1,025.7	741.1	970.3	651.1	539.5
Fattened poultry	847.4	521.7	568.7	467.6	450.6

Source: Price lists of agricultural products of the above-mentioned countries

At the present output of cereals of about 4.7 tons/hectare, the production and distribution costs of the JZD [Unified Agricultural Cooperative] for wheat and barley range between 1,300 and 1,400 Kcs/ton. The current price for first-grade quality wheat for human consumption is up to 2,700 Kcs/ton, for malting barley it is up to 2,900 Kcs/ton, and with a surcharge on the purchase price it is up to 3,600 Kcs/ton. This means that, under the most favorable conditions, one can obtain a profit of Kcs1,400 for wheat and up to Kcs2,300 for malting barley per ton of cereal sold. This is a profit rate of 100 to 176 percent which, it would seem, is excellent from the point of view of the enterprise. However, these prices only apply to the quantity stipulated in the contract between the agricultural enterprise and the purchaser. This amounts to about two million tons of cereals for human consumption. We harvest approximately 12 million tons of grain altogether, approximately 2 million go to foodstuff production and 0.5 million are used for sowing.

Selling feed grain for 1,750 Kcs/ton does not bring such a profit—"merely" 350-450 Kcs/ton with a 25-35 percent profit rate. This tends to indicate that the enterprises would also be interested in selling feed grain.

What Is More Advantageous

But the problem is more complex. The use of additional robust feed to improve feed quotas represents an additional investment into livestock production. It is an investment with high production results, and thus also economic efficiency, which decreases the fixed costs per production unit.

Let us consider how a ton of feed grain would increase in value in raising milk cows and fattened pigs. To increase milk output by one liter—assuming an annual milk output of four to five thousand liters of milk per cow—one needs 0.30 of starch unit, which is approximately equivalent to 0.5 kg of grain. If the purchase price of robust feed mixture is 2,400 Kcs/ton, the use of 0.5 kg means a cost of 1.20 Kcs per liter of milk (if one used only feed grain at production and distribution costs of 1,400 Kcs/ton, this would merely be 0.70 Kcs). If we add wages and other items, the costs for the additional liter of milk obtained will be Kcs2-3. However, the earnings for a liter of milk are around Kcs5.

Therefore, this means that an additional ton of feed grain used for the animals would increase the value of net earnings for 2,000 liters of milk by Kcs4-6 thousand. Even the sale of highest quality grain for human consumption at the present price relations would not bring as much profit as feeding this grain to milk cows. Compared to the direct sale of the best-quality grain, feed grain will increase in value by 1.8 to 2.7 times more if used for milk. If feed grain sells for 1,750 Kcs/ton, feeding it to the cows is nine to 17 times more profitable than direct sale.

One needs 4.1 kg of robust mixture at a price of 2,600 Kcs/ton per kilogram of live weight of fattened pigs. This represents costs of 10.66 Kcs/kg live weight for feed. Assuming a weight gain of 620 g during the fattening

period, the costs per day per kg of live weight range between Kcs17 and Kcs19. At a sale price of about 22 Kcs/kg, there is a profit of 3-5 Kcs/kg of live weight.

If an enterprise exchanges 4.1 tons of feed grain for 4.1 tons of robust mixture, and feeds that to fattened pigs, it obtains a profit of 700-1200 Kcs/ton of feed grain. Compared to the direct sale of grain, this represents an increase in value by 1.5-3.4 times. I am consciously permitting myself some imprecision in the calculation, in that I am including the price of feed grain and not the costs for its acquisition; in the latter case, the result would be about Kcs300 higher.

Thus it is obvious that grain used in livestock production as an additional investment has a higher value than if sold directly. Up till now the enterprise was obligated to deliver the grain to the state. Therefore it was not necessary to consider the price relation between cereal and livestock products to any great extent. The purchase of grain was assured, and the higher demand for livestock products was demonstrated by the priority increases of their prices.

In a free market mechanism, under the present price conditions, the enterprise would apparently not be willing to sell grain as an end product. During the coming period, one can obviously expect price relations to be adjusted to the advantage of market cereals. What the material interests in the production of specific products will be, will be an internal matter for agriculture itself. In any case, it will be necessary to avoid disproportions in the structure of production. Equalizing disproportions post facto is economically much more costly than ensuring the smooth flow of production. Appropriate price relations would be very helpful.

Advantages of Agricultural Cooperative System Praised

90CH0454E Prague ZEMEDLSKE NOVINY
in Czech 27 Aug 90 p 5

[Article by Eng. Frantisek Zahradnik, Prague: "Agriculture Is Like a Willow..."]

[Text]...in the sense that the more you prune it the faster it grows. This is an old proverb that is true not only for our agriculture. I would say that the attitude to this sector is the same everywhere in the world. Even though people now say that the previous regime protected agriculture, as part of a policy of keeping people content by keeping their stomachs full, this is not entirely true.

How did the regime approach agriculture from the beginning of collectivization? Clearly, it was more or less a political issue. However, when the first stage was completed, further consolidation occurred in the first half of the 1960's. Farmers again recovered from this situation and began to improve their incomes, allocating more to management. Then a third phase began in the

early 1970's. This resulted in the formation of enterprises that started out profitable but started running at a loss five years or so after consolidation. Some continue to operate at a loss today.

What about the assertion that the previous regime put pressure on the engineering and chemical sectors to adapt their production to the needs of farmers? The result was that farmers were left to their own devices. They had to build strong, associated production operations to generate profits that they could use to purchase equipment from abroad. Their produce was affected by artificial fertilizers, but they still proved able to cover the losses from their own output.

The attitude to the processing industry deserves a separate chapter in the story, even though it is part of the complex that feeds our people. With a few exceptions in the meat and milk processing industries, this sector is in awful shape. Even though we have built sugar processing plants and breweries all over the world we have been and continue to operate in facilities built sometimes even before World War I. Nor does anyone have any idea how much foreign currency agricultural products have generated. Readily. How much of this was returned to agriculture?

This is by way of saying that even a so-called totalitarian regime used agriculture as any other regime even though, especially at the last moment, it defends itself with assertions of all it has done for agriculture (I have in mind here the entire agro-food complex). I do not understand why the society is trying so hard now to tear down the agricultural structure. Our sector will bear the economic consequences of these policies. Perhaps because there is something there to break, perhaps because in spite of other difficulties we still have something to eat?

This brings me to another problem, the issue of ownership. Collective, or private? For years we were told that we have to take our examples from the east. Most of the people, once they found out what these examples looked like came to want, envy, and look to the West. Now that we are open to the world we do not want to listen to western economists and politicians, who know about these things, that the single positive aspect of socialism was that it made agriculture cooperative. The cooperative form of ownership, not only in agriculture, is not a new concept. For instance, the first economic cooperative was founded in our country at the end of the last century. Today this form of ownership is presented by Western economists as the one with the best future. This is documented by examples from all over the world. In May I had the opportunity to hear a lecture by Professor Vanek from the United States who cited a Basque example as the ultimate implementation of the cooperative concept.

Today's attacks on agricultural cooperatives and even state farms, and the representation that the sole form of ownership with a future is private ownership of farms,

make me angry. This policy, moreover, emanates from Prague with no knowledge of the particular problems of the farmer. On the other hand, no one is setting up conditions to favor the private farmer. Everyone is expecting that private farmers will find their own way (the attitude is probably the same in other areas). In fact, this policy helps to demolish the old structure, i.e. cooperatives, but creates no conditions to support a new structure. What is necessary is to establish uniform rules for the game (or allow the farmers themselves to set down the rules based on their knowledge, which is better) then allow the two forms of ownership to coexist in a certain symbiosis.

Privatization, though, is more a political than an economic question. In my view, one does not have to convince people of the advantages or disadvantages of different forms of ownership, depending on their position.

I am convinced that private farmers cannot provide more than 10-15 percent of production, or market requirements, and this only for selected commodities. Most of the demand will be met by mass production, whether in the form of cooperatives or reorganized state farms. I could defend these forms by citing their capacity for improving labor productivity, implementing scientific findings, and providing social certainty and security, etc. It is enough, though, to look at the paths being followed by developed countries. I do not think that the current large enterprises are in trouble because of their size, but simply because in many cases we have not trained capable people to run them. Demolishing everything old and building it anew, instead of making up for lost time, can set us back 40 years.

This is related to my final comment. I think that in many instances we spend too much time thinking about what was. We go back 20 or 40 years and want to pick up with what existed in the first republic. However, can anyone make up for the sins committed 40 years ago, give people back their lives or their health? My personal view is that all apologies are no more than a weak band aid. Rather, we should do more to assure that we catch up to the developed world, not remove ourselves farther from it. This past November there were demonstrations on Wenceslas Square. In unity there is strength. But what do we see today? People are concerned with settling personal scores and righting wrongs committed in 1968. In many cases, though, these are people who were active themselves in the 1950's. How many people are "defending" the interests of enterprises and society now who were acting quite differently prior to November. People express their faith or lack of faith in the government based on what is in the stores at the moment. They certainly do not view democracy only as the power to express an opinion on everything but not take any responsibility. Here, for instance, I have in mind the "elimination" of managers in enterprises.

Shouldn't the criteria be a person's ability and character, not whether or not he belonged to the CPCZ [Czechoslovak Communist Party]? I think that all of us, with few exceptions, has egg on his face in one way or another. Each of us should also think about his readiness to participate in the conditions of a market economy in which there will be significant differences in compensation and property, both of which will reflect actual ability. In this regard I see a problem in the envy that people display currently.

It is possible that this article will evoke discussions and differing opinions. This is in part its purpose and I stand ready to explain personally the views expressed here, especially if the discussion involves my own feelings about agriculture. My main purpose, however, was to stimulate us to evaluate objectively the positive and negative aspects of things with the goal of increasing our economic prosperity and moral prestige in the eyes of the world.

Optimal Solution for Agricultural Reform Sought

90CH0454B Prague HOSPODARSKE NOVINY
(supplement) in Slovak 29 Aug 90 p 1

[Article by Eng. Ladislav Klinko, candidate for doctor of science, Slovak Republic deputy minister of agriculture and food: "Land Ownership in Right as Well as Deed: Seeking an Optimal Solution for Agricultural Reform"]

[Text] Implementing fundamental reform and making a transition to a market economy in the Czech and Slovak Federal Republic [CSFR], and in particular the Slovak agro-food complex will be, and in fact is already exceptionally complicated. This is true despite the fact, or because of the fact that the recent development and current status of the economics of this complex continues to be viewed in certain senses as positive or stabilized.

The party-state control structure, especially in the last 20 years, put the agro-food complex on a path of extremely extensive development, seeking self sufficiency at the price of ruining nature and the environment and producing foodstuffs of below average quality, containing an above average amount of substances known to be damaging to human health.

The current situation is marked by two undisputed facts:

- a) A relatively and absolutely high quantity of food available on the domestic market in basically all types of competitive foods.
- b) The achievement (and according to some sources the exceeding) of wage-pension parity in the incomes of some 500,000 agricultural workers in relation to other branches of the national economy.

These two attributes of our industry in no way make the transition to a market economy easier, rather they almost make it more difficult.

The system of central planning and administrative-directive management and the regime holding totalitarian political power employed on a large scale a system of priorities. Preferences were given for the development not only of heavy industry, but also to a large extent the agricultural complex.

The policy of "cheap food" was also one of the imaginary priorities of the totalitarian regime. Because, however, the high costs of food production could not be passed on in retail prices the government began to redistribute. Production (procurement and wholesale) costs alone were not enough to defray the high and growing production costs of the output of the agrocomplex. This was true despite the fact that these costs had for a long time exceeded the levels of final, retail prices. In 1989 alone costs exceeded retail revenues in the CSFR by some Kcs35 billion. This additional, significant sum had to be provided by direct subsidies from the state budget to agrocomplex enterprises. In 1989 Slovak enterprises requested Kcs18 billion.

Slovak Deformation

In the Slovak agrocomplex, which lags behind Czech agriculture in a number of areas, the antimarket and therefore uneconomic deformations of the current situation, on the eve of reform, are still greater than those in the Czech republic. This is largely because the objectively worse production conditions of Slovak agriculture were utilized with significantly less rationality and effectiveness, with more subsidies and with an even greater negative ecological impact than in the Czech Republic.

The basic issue in the reform of our agriculture is not just the formulation of objectives, but deciding how most successfully and rapidly to implement them, without great social sacrifice or significant decline or stagnation in production. If we do not identify and implement a reform policy that is close to optimal there is a danger, precisely because of the "specificity" of the current standing of the agrocomplex, which is backed by real political and social forces, that these forces will assert their economic and power interest in the "status quo".

Most of the "cooperative sector" was placed in a position by the totalitarian regime where it could implement neither cooperative democracy (the United Agricultural Cooperative [JRD] leadership was only a "subject" of the nomenklatura of the CPCZ district committee), nor the purely cooperative ownership principle of shares representing member contributions. In type III JRD neither associated land, nor "contributed" active and passive inventory items, nor, of course, the financial contribution of a member are considered when distributing cooperative revenues. Everything has been reduced to labor participation, which looks like the wage arrangement of a state enterprise, despite the existence of the "net wage".

Antimonopoly System

A fundamental and top priority reform step must be a radical change in the socioeconomic character of economic entities operating in the agro-complex. A necessary, but not sufficient element of the metamorphosis, must be denationalization of all types of enterprises in the agro-food complex and their transformation into various forms of true cooperatives or other private types of enterprises.

For the market mechanism to lead the economy to efficient development, renewal, and the ongoing maintenance of market equilibrium there must be, in addition to the ownership interests of producers, an active and efficient mechanism for competition, or an antimonopoly system, in the economy. Reaching a situation where there is rationally functioning competition will be one of the most difficult reform tasks, because in the past we have created a situation of almost total monopolization, in the agrocomplex as well.

The experience of several months shows that it is completely inadequate for the existing entities to become legally and economically independent or to provide them with a self-administration statute so that they can become rational participants in the market. From the start of reform it will be essential to expect in the agrocomplex as well the intensive generation of a private middle and small size entrepreneurial sector, for strictly rational socioeconomic reasons.

Without reviving a modern private sector capable of achieving high productivity and efficiency it will not be possible to reform the agrocomplex or for it to make the transition to a market economy. We have to overcome the monopolies of the current enterprise structure, the influence of monopoly interest pressure groups, and achieve the most important thing—less expensive and higher quality foods.

The implementation and economic realization of agricultural land ownership is a fundamental step. Returning land ownership to its full functional sense will make it possible to realize the other two essential reform steps: the denationalization mainly of cooperatives [JRD] and the establishment of a competitive individual-private sector in agriculture.

Legislative Action and New laws

In the current transitional period the first measures have been adopted in support of this key step in reform, and several others will be passed in the upcoming months. These involve mainly the adoption of special government resolutions on the individual use of uncultivated, or undercultivated land in mountain and foothill regions. The true application of ownership in economic relationships waits on the establishment of land price categories and the prices derived from these for the productive use of land—rent, as one element of the cost of production.

Once laws are updated and official land prices established as a guide, a private sector can legally be established in agriculture. The question arises of whether a private sector is feasible economically. Additional reform steps of the transition period will have to contribute to this viability. One of these steps is the drafting and passage of a comprehensive law covering the organization of ownership and user rights to agricultural land, including the setting up of national land banks and land offices.

National Land Banks

The significance of organizing a land bank as a nonstate commercial institution, a corporation, is that it can contribute to the privatization of agriculture by providing special forms for the economic realization of private land ownership. This involves the private ownership of the land of those citizens of the country who are not members of agricultural cooperatives and have no plans to work their land, but who would like to put their land to economic use. They can do this on the basis of individual agreements to sell or rent their land to enterprises or to other citizens.

Neither enterprises, nor citizens who would want to work some land have sufficient resources to purchase land for its full price in a single transaction without getting too far into debt. They will need their credit for building, buying machinery, livestock, etc. A solution to this problem appears to be the establishment of national land banks in which landowners could place their land. This would facilitate a rational connection between the productive use of the land and the realization of the ownership rights of citizens to the land.

Mediating this connection through land banks would reduce the rapid growth in the investment intensiveness of agricultural production and make more flexible the transfer of land among actual users—cooperatives and farms. Land banks, by controlling this special part of the national wealth, would also reduce antisocial speculation and the ecologically unsound devastation of the land and agricultural areas.

It is assumed that the national legislative bodies will pass the necessary legal standards concerning land and the establishment of land banks before the end of 1990.

Omnipol Still Selling Weapons

91CH0010A Prague RESPEKT in Czech
25 Sep 90 pp 4-5

[Article by Alfred Vogel: "Omnipol—Black Theatre"]

[Text] During the first few months since the Government of National Consensus began functioning and after Vaclav Havel became president, Czechoslovakia came out with a number of proposals and initiatives which for a time caught the attention of the civilized world. The basic idea of all these proposals was Havel's theory of the indivisibility of freedom and the responsibility of every

democratic country as well as every one of us for the infringement of human rights anywhere in the world. It was particularly interesting for the whole world because we used to support, whether by exporting arms or by giving direct military assistance, various terrorist organizations and dictatorial regimes.

The Czechoslovak program of converting arms production was undoubtedly motivated by the effort to improve our international reputation. Now, 10 months after November, nobody is going to be intrigued any more by spellbinding speeches uttered in the spirit of humanism, but everyone will be interested in facts and information which intelligence services can easily verify. These will undoubtedly indicate one sad fact: So far, almost no changes have been realized. Preparations for the conversion are beginning to be made, to be sure, but they are made slowly, hesitatingly, and within limits. For us that is dangerous, particularly because developments in the arms trade are for most countries the most reliable indicator of the changes which have taken place here.

The situation is like this: Not only has nothing changed in the appropriate institutions, but it also seems, in fact, that control of their activities has ceased altogether. In view of that, the pronouncements of some of our official spokesmen, who are trying to convince us that various secret agreements and contracts are a legacy of the past, do not sound too credible. Also startling are the appeals, lately so frequent, to observe state secrets.

The foreign trade enterprise Omnipol, our monopolistic arms merchant, had a 47-percent share of the revenue in Czechoslovak foreign trade. The sum of \$12 million yearly per employee certainly was not negligible. But the activities of the enterprise from Prague-Nekazanka are still shrouded in silence, and its structure can be penetrated only with difficulty. The situation in the enterprise is a typical example of how the velvet revolution "dealt" with the certified Communist cadres.

Nobody Move!

Omnipol is under the direct control of the Federal Ministry of Foreign Trade (FMFT). It is directly subordinate to the minister and three deputy ministers have a hand in its activities. One of the deputies is Eng. Pancir (he held this position even before Minister Barcak took over), the second deputy, Mr. Zucker, is the former chairman of the factory CPCZ [Czechoslovak Communist Party] committee in the FMFT. The third deputy minister, Eng. Fritzl (in this position since 1985), is at the same time the director general of Omnipol. Not much is known about his past. It is known, of course, that the former directors of Omnipol, Eng. Langer (only recently the ambassador to the GDR) and Eng. Marecek were lieutenant-colonels in State Security.

The Communists from the FMFT and Omnipol still meet regularly in the conference hall of the Printing Concern in Panska street. At one of these meetings deputy minister Zucker recently stated that the monopoly of foreign trade must be maintained at this

time, and he did not forget to boast that of the 600 applications for private entrepreneurship in this area he has not approved even one so far, because "...the FMFT does not need it". And these are the people who guarantee independent control.

We can now sketch a picture of the current situation in the enterprise, which will faithfully reflect the situation in the superior agencies. All the current deputies in Omnipol—Slama, Hava, and Pagac—have been in the enterprise for at least 20 years, and in their present functions already for many years. Commercial deputy Slama, who holds the Order of Labor, has been chairman of the verification commissions since 1968. The commercial-political deputy, Pagac, stated just 14 days after 17 November at the founding meeting of the Civic Forum, which he tried to disrupt, that "Havel is a child of fascism and he will never get rid of his past".

The enterprise has at present seven commercial sections, the section for comprehensive problems, a commercial-political section, and auxiliary economic-technical sections. The workers in one section often do not know what their colleagues in the next section are doing. Some of the commercial sections: Section No. 10—aircraft, Section No. 30—export of conveyor belt equipment, Section No. 60—imports, Section No. 70—foreign investments, Section No. 80—licenses, documentation, training. All seven directors of the commercial sections stayed in their positions and they are mostly former members of the nomenklatura of the CPCZ Municipal Committee. The current director of the 10th Section is even a former cadre of the CPCZ Central Committee. Director Sir is the former chief of the factory unit of the People's Militia, and director Usela is a former popular lecturer on Marxism-Leninism at various schools of higher learning and a supporter of the CPCZ Municipal Committee. The chief of the section on comprehensive problems (the so-called "Section of Pensioners of Merit"), Eng. Soupal, held the function of the trade delegate in Moscow. The director of the commercial-political section Lehotsky said publicly on 10 November that he would never sign such dirt as the Several Sentences.

Although a unit of the Civic Forum was established in Omnipol, it was practically dismembered within two months and its leading activists (for example Eng. Bauer) were forced to leave the enterprise or preferred to leave of their own accord. On the other hand, three months ago two people from the former CPCZ Municipal Committee were accepted into the enterprise (one of them, Eng. Gabriel, is now employed in the commercial-political section). Seventy-eight percent of Omnipol employees were CPCZ members and one-fifth is still composed of Czechoslovak Army officers (for example, Deputy Director of Section No. 30 Ferda and Deputy Pagac). Officially, the enterprise had 600 employees in the past, at present it has 490. The majority of the senior officials is of retirement age.

The Omnipol building in Panska Street has seven stories above-ground and three below-ground. The entrance is guarded by moving cameras and three members (of the Ministry of Interior?) in civilian clothes armed with 7.65 mm guns who are patrolling in the hallway and in front of the building. They are the same people who were there before November. The entire building is bugged. The official automobiles of Omnipol are without identification, with civilian plates. These are particularly four Fiats 132 (light blue metallic color) and two dark blue Renaults R 21.

Where, What, and for What

As was already mentioned, Omnipol deals mostly in arms. But it also arranges sojourns of our military experts abroad (for example, in Iraq or Libya) or training and studies of foreign military personnel here. Among its business activities is also the sale of construction work (building factories, buildings, 'inzenyrske sites' [as published] or roads, which have a strategic importance), etc.

Which are the main enterprises represented by Omnipol?

Engineering Works Martin in Triencany—tanks T 72, Aero Vodochody—aircraft (mainly training "dolphins"), Let Kunovice—Turbolet L 610, Motorlet—aircraft engines, ZTS Dubnica—infantry combat vehicles (BVP 1, BVP 2), Zbrojovka [armaments factory] Brno, Zbrojovka Vlasim, Zbrojovka Vyskov, Zbrojovka Uhersky Brod—hand firearms (model 58 and AK 47), pistols, grenades, explosives, Tesla Liptovsky Hradek, Meopta Prerov, Krizik—optics, Synthesia Semtin, Skoda Plzen.

It is clear from the above that the major part of export consisted primarily of tanks, armored vehicles, heavy machinery, aircraft, ammunition and firearms (mostly as part of other combat equipment). Other types of light firearms were mostly in the domain of the USSR and GDR.

The relationship of Omnipol with its business partners began to change markedly two years ago. Until then, its most important partner was the Arab world, above all Syria, Libya, Iraq, Algeria, and Tunisia. A large part of the buyers were, and still are, middlemen from the West, often connected to our secret service or that of the USSR. An important business partner of Omnipol has always been India, reportedly one of our most dependable trading partners (although it paid in rupees, it always paid on time). Recently Omnipol signed a contract with India to build a huge facility for the repair and maintenance of tanks. Polish workers are employed on its construction. Other notorious partners were Laos, Vietnam, and North Korea. None of these countries, of course, paid much of their obligations. Omnipol was not very active in Afghanistan, and it was squeezed out of Yemen by the Soviet Union.

The situation changed markedly about three years ago, when even our generous chieftains realized that the principal customers somehow were not eager to pay. At

present Libya and Syria owe Omnipol huge sums. There was a news item recently in the press that South Korea bought out the Libyan debt from Omnipol and paid part of it by deliveries of the Daewoo automobiles.

How is it possible that Omnipol was profitable? Czechoslovakia, already since the beginning of normalization, liked to grant intergovernment credits. The enterprise then fulfilled the "material" part, but not the money part, and the state made up the difference from the state treasury.

At present nobody is supporting Omnipol, nobody grants intergovernment credits, but nobody controls it either. The enterprise therefore began an intensive search for new markets. The old contracts with Libya, Syria, etc., are about to expire, but the future is represented by countries such as the Sudan, Nigeria, Angola, Yemen, and Zimbabwe. The last named especially appears likely to become one of the most reliable partners. A contract to build military schools has been recently signed with that country.

Omnipol was, and evidently still is, an organization linked with various secret and intelligence services (intelligence service of the Federal Ministry of Defense, State Security, KGB, GRU—Soviet military intelligence). It was interlinked also with our diplomatic service abroad. Various secretaries and attaches of our embassies were at the same time employees of Omnipol. For some that proved fateful (such as last year's disappearance of the press secretary of the Czechoslovak Embassy in India).

Official as well as unofficial linkage with the Soviet Union was plainly very close. Moscow decided on which territories it would allow our traders to operate, as well on any larger Czechoslovak arms delivery. The principal part of trade relations between Omnipol and the Soviet Union consisted of imports, which in the past represented 60 to 70 percent of the enterprise's imports. The Soviet Union basically supplied us with all kinds of arms and military technical equipment. To the USSR Omnipol exported mainly infantry combat vehicles. Twice a year the directorate of Omnipol together with the Soviet representatives and the Army held the so-called Action PIPI (piroshki and beer ["pivo" in Czech]—friendship meetings which took place alternately in the Prague enterprise Cajka and in Milovice. There was also a program for children of prominent people on both sides: They could inspect tanks and military equipment. The last PIPI took place this year in May. At present the Soviet Union is cancelling most of its contracts and as a rule does not even answer business letters.

Reexport was officially prohibited, but Omnipol has continued to regularly sell goods purchased elsewhere. For example, automatic submachine guns and revolvers were bought in Bulgaria and sold to other countries through Switzerland and Great Britain.

Scandals

It will not hurt to focus on some merchandizing pearls from the recent past. In 1988 Milos Jakes visited Laos. He offered fraternal assistance in the form of a one-time delivery of tanks. Delivered were 34 preserved T-34 tanks, and this gratis assistance cost our state \$33 million. A tactful silence has been maintained about this matter, naturally. Last year a contract was signed with General Electric for importing engines for L-610 Turbo-jets. But after the engines were delivered it was discovered that they were too heavy for the aircraft and a new contract had to be signed with Pratt & Whitney. It is an open secret among the employees that somebody must have received a large commission from General Electric. Understandably, nobody investigated this matter.

And how is it with doing business with various terrorist regimes? As far as trade with Iraq is concerned, an embargo has been imposed which is, as at least it seems to be, complied with. The contracts with Libya are obviously tolerated with a smile by our new leadership. Since 1983 a munitions factory has been in the process of being built in the Libyan mountain range Garia, where 1,500 Czechoslovaks are still working. Many of our Army officers worked in Libya as experts. It usually involved a one-year stay, during which the officers were listed as civilians and their active service was interrupted only for a time. After returning they again took up normal active service. This practice obviously continues. Even graduates of our higher military educational institutions used to go to Libya as interpreters, and then were offered a shortened military service as a reward.

Being Honest With the World?

At the present time, Czechoslovakia is grappling with a decision about the future of our arms production and the prospects of trading with arms. The January announcement of conversion will not be a simple matter, however. The reasons for it are roughly three: 1) Our Government must deal with enormous economic problems, the danger of which it underestimated and which as a result burst forth quickly and with full force; 2) As is known, the Slovak nationalists even have an increase of arms production in Slovakia in their program, and their pressure keeps getting stronger; 3) Social problems, which arose as a result of the hurriedly announced conversion, were probably also underestimated. There are 15,000 people working just on the production of tanks, the marketing of which would plainly have good prospects for some time to come. That obviously is why certain agreements and decisions were made, which somebody is trying to keep undercover.

In May, Ministers Klaus, Dlouhy, and Vacek are reported to have agreed among themselves that if Omnipol does not succeed in selling this year's planned production of tanks, the Czechoslovak Army will buy what is left. The leadership of Omnipol received a letter from Minister Vacek in which he promises that the army will be able to buy 107 new tanks. If Omnipol succeeds in

selling the tanks, production will continue in some fashion on the basis of this agreement.

Czechoslovakia has been negotiating a sale of 200 tanks to Pakistan, which was officially protested by the Soviet Union. No decision has been made so far. Deputy Premier Vales is said to have promised the director general of Omnipol on 5 August 1990 that he will try to persuade President Havel and Premier Calfa that the sale of this equipment would help us greatly during our present difficult situation.

Our country has problems at this time, but in no way can it be tolerated that such a curious organization as Omnipol be able to work without an effective government control. And in no way can a continuing support of dangerous regimes such as Libya be permitted.

Nobody officially informs the public how things really stand. It is said that the management laughed heartily at all the articles about Omnipol: Most of the concrete facts were, it seems, quite distorted. The BBC film about Semtex also did not hit the bull's-eye. It seems that in 1985 at the airport in Kbely three secret experiments with Semtex were carried out on some older aircraft of the IL-18 type. Although the Office for the Protection of Democracy tried to obtain from Omnipol important documents about the sales of this explosive, for the time being it is satisfied with the enterprise's answer that all documents were destroyed after the normal time-limit.

It often happens in the West that because of the negligence of the secret services private enterprises succeed in exporting a certain type of weapon to a country where the export of such goods is prohibited. It is important to realize that Omnipol is still a state, not private, enterprise, which is moreover linked to compromised secret services. Undoubtedly, the rest of the world also looks at the entire matter in this light. The new federal secret service is only just getting started and its hands are tied. Do we still care about international reputation?

HUNGARY**Aluminum Industry: Dismal Future Foreseen**

91CH0041A Budapest FIGYELO in Hungarian
27 Sep 90 p 9

[Interview with Dr. Karoly Szabo, acting president of the Hungarian Aluminum Industry Trust (MAT), by Arpad Hajnocy; place and date not given: "Aluminum Industry: A King Turned Into a Beggar?"—first paragraph is FIGYELO introduction]

[Text] The Hungarian-Soviet bilateral agreement on aluminum and aluminum oxide expires on 31 December 1990. It has become certain by now that the changes will place the Hungarian aluminum industry in an entirely new situation, one that may be regarded as critical. Our questions were answered by MAT Acting President Dr. Karoly Szabo.

[Hajnoczy] For years the Hungarian aluminum industry made a living out of converting rubles into dollars, and this also benefitted the Hungarian economy. Will this branch of industry necessarily experience crisis when the interstate agreement which permits this conversion expires?

[Szabo] No bankruptcy or crisis will occur if we succeed in negotiating an acceptable agreement with the Soviet partner. Nevertheless, despite this fact, signs of a structural crisis manifest themselves in the Hungarian aluminum industry.

[Hajnoczy] Structural crisis? After all, despite declining world market prices the Trust's dollar revenues are expected to further increase this year.

[Szabo] This is true, because appropriately financed domestic demand has decreased, therefore we will be able to sell a larger volume of products in markets where buyers pay for their purchases in dollars. But despite increasing exports the Trust's market position is deteriorating. Most certainly, due to the termination of ruble-dollar conversion we will become net importers of aluminum base materials next year. Some grave problems arose within the vertical integration of the aluminum industry. The equipment that manufactures aluminum oxide and the electrolysis equipment may be maintained operational until the millennium only if costly reconstruction is made. But the profitability of such reconstruction would not be satisfactory.

[Hajnoczy] All this is closely tied to changing over to a dollar-based settlement. How far have you gotten in your negotiations with the Soviet Union?

[Szabo] Gosplan designated two enterprises, therefore MAT is negotiating with these. At present it appears that we could ship even more aluminum next year, at the same time however, importing a large volume of aluminum is not in our interest. We need to import sufficient aluminum only to operate the processing capacities. Reexportation of aluminum purchased for dollars next year no longer makes sense. In quantitative terms this means that the 205,000 tons of aluminum imported this year will be reduced to 125,000 tons.

At the same time—as long this is possible—we do not plan to reduce the production of aluminum oxide. Thus far we paid for aluminum not only in the form of aluminum oxide, but also in food industry and agriculture products. This will be discontinued as of next year, and this is perhaps the only change that may be regarded as favorable at this moment. Similarly, the disputes as to the amounts by which MAT must indirectly subsidize the exportation of agriculture and food industry products will come to an end.

[Hajnoczy] What does Hungary offer to offset the 125,000 tons of aluminum in the final analysis?

[Szabo] We intend to ship 530,000 tons of aluminum oxide and 30,000 tons of semifinished products in

exchange. All this, however, depends on price negotiations. These negotiations are very tough for the time being and the two offers are far apart. At the same time we are familiar with the Soviet partner's business agreements with Japan. In light of these we stand a good chance of striking a viable deal.

[Hajnoczy] To what extent was it possible to narrow the gap between the offering prices?

[Szabo] All I can say is that the prices offered are far apart.

[Hajnoczy] It seems as if you were saying that you are not certain that you will succeed in reaching an agreement. What will be the consequences insofar as the Hungarian aluminum industry is concerned if you do not enter into contract with the Soviet partner firms?

[Szabo] In an extreme situation this would mean the forced stoppage of 70 percent of the aluminum oxide producing capacities, and all of the semifinished product manufacturing capacities. Between 10,000 and 11,000 jobs would be abolished. MAT's position is further deteriorated by the fact that during the past year aluminum oxide prices declined significantly. A year ago one could sell aluminum oxide for \$400 and \$450, today \$300 per ton price is regarded as very high.

The interstate agreement provides that the value of between eight and nine tons of aluminum oxide is equal to the value of one ton of aluminum. In the course of our present negotiations we should accomplish that the value of between five and seven tons of aluminum oxide equals the value of one ton of aluminum. This ratio would present a chance for us to recover the bauxite and aluminum oxide production costs from the market price of aluminum base material received in exchange, along with the possible cost reductions.

[Hajnoczy] I understand that Hungarian aluminum oxide cannot be sold anywhere except to the Soviet Union.

[Szabo] This is true in the short term, because every foundry which uses aluminum oxide procures his base material supply under long-term cooperative agreements. On the other hand it is also true that the aluminum oxide we manufacture, and are capable of manufacturing, is of lower quality. This is so fundamentally for technical and technological reasons; Hungarian aluminum oxide factories have served their useful life. Let me mention just one figure: The net value of the machinery and equipment at the beginning of the year amounted to a mere 27 percent of its gross value. But despite all this, Hungarian bauxite is competitive because of low transportation costs, and the same applies to aluminum oxide.

[Hajnoczy] Natural features were reevaluated, nevertheless. Hungarian bauxite represented 24.4 percent of the global resource in 1936, two years ago it amounted to only 0.42 percent of that resource. Considering the

discontinuation of the bilateral agreement, what is MAT's present strategic goal?

[Szabo] The present standard financing conditions and changes in settlement may pull down the Trust into financial bankruptcy, even if we succeed in reaching an agreement. Accordingly, the only short-term goal MAT could have is to survive this situation. At the moment we feel that financial bankruptcy may be avoided in the framework of a duty-free barter structure. As a result of the changed method of settlement we must count on the payment of 10.4 percent customs duty, two percent customs clearance, and three percent statistical dues beginning next year. This amounts to 1.5 billion forints, and we have applied for an exemption in this regard.

Insofar as our strategy in the longer term is concerned: If we want to operate our aluminum oxide manufacturing capacities beyond a three-to-five-year period, we must reconstruct these capacities to the point where such an effort would be inefficient. In other words, bauxite mining and the manufacture of aluminum oxide must undergo significant counter development, aluminum electrolysis must be liquidated gradually, and entrepreneurial ventures must take the places of these with the help of operating capital. Reconstruction appears to be a rational consideration primarily with respect to the manufacture of semifinished products, preferably alongside a developed, West European firm. The natural condition for this is the conversion of the Trust into a business organization. And further, in order to really accomplish the attraction of foreign operating capital we also should be aware of the strategic concepts of the government, as those relate to the aluminum industry.

[Hajnoczy] I suspect that you have in mind a financial life raft, in the old sense of that term.

[Szabo]. That's not what I have in mind. I have in mind the fact that thus far the development of the aluminum industry took place according to the state's will, subordinated to obligations agreed upon in interstate agreements. The state must recognize the changed situation, one way or another.

[Hajnoczy] I understand that you did not apply for the vacated post of the Trust's president. Is the situation that bad?

[Szabo] My professional ambitions are greater than accepting a longer term position in public life. This is why I did not apply, nevertheless I will stay with the Trust. And insofar as our situation is concerned, it is indeed dark, but not hopeless. We made some calculations. They show that our 3.4 billion forints expected balance this year may be reduced to as low as zero, come next year.

POLAND

Proposals for Standardizing Rules for Foreign Investment Noted

91EP0015A Warsaw RYINKI ZAGRANICZNE in Polish No 78, 30 Aug 90 p 8

[Article by Tadeusz Lamacz under the rubric "Polish Foreign Trade": "On the Eve of the New Law on Foreign Investments (Article for Discussion)"]

[Text] Recently NEWSWEEK called populism the greatest threat to the Polish perestroika. The constant appeals to public opinion, the ostentatious sympathy with public discontent, the making of promises to future voters, are, in the opinion of the American reporter, to be most feared in our country. The author of the article in NEWSWEEK is certain to count on the understanding of his point of view by the lobby drafting the new law on foreign investments in Poland. That document is almost ready by now and certain to be passed by the Sejm one day in the late summer or early fall of this year.

In such a situation, it seems worthwhile to elucidate the principal issues relating to the influx of foreign capital to Poland. At the outset it is worth noting that the foreign views of Poland as a locale for direct or financial investments differ from domestic views. The masses of foreign businessmen sojourning in [Warsaw's] Marriott hotel for several days only in order to conclude that investing in this country hardly pays, as well as the potential investors who, in face of bottlenecks in the environs of Lodz or Warsaw, beat a retreat westward behind the Odra River, provide eloquent illustration of these foreign views.

Thus, the basic problem is not some threat that the country might be bought up by foreign capital, but how to attract foreign investors, meaning substantial and major investors rather than some Poles resident in Germany who desire to support their families in Poland and, insofar as possible, cheat the state. The point is not some petty investing but the creation in Poland of a creditable atmosphere which would be radiated by such companies as Siemens, General Motors, Chrysler, or ABB [expansion unknown]. If we admit that the principal problem is to attract serious investors, the investment law that would make Poland attractive to them should be liberal, broad, precise, and transparent, that is, lucid.

The liberalism is perhaps the best-discussed related issue in this country, because this concerns the freedom to repatriate profits from the capital invested in Poland. Without that freedom there would be simply no point in speaking of any interest of big capital in our country. But liberalism also concerns the regulations governing the establishment of enterprises with the participation of foreign partners.

Considering that governmental efficiency in East Europe has one of the world's worst reputations, the new law

should define very precisely the procedure for the registration of and permits [for the establishment of new enterprises]. Is the registration of a 100-percent foreign enterprise to be a mere formality? We cannot risk including a provision to the effect that "refusal [to register or grant a permit for the new enterprise] applies in the event of a conflict with the binding law on economic activity". Likewise, it is necessary to specify the detailed procedure for including documents required for notarization, etc., in the court or commercial registries. Unless the law precludes categorically any pretexts for delays in the event of investments which require no permits, the automatic nature of registration will become a fiction which investors will interpret to Poland's disadvantage.

As for the investments requiring permits, regulations authorizing the Council of Ministers to revise the related criteria—in particular, to broaden the range of mandatory permits—would be completely unacceptable, as would be references to a variety of other, discrete regulations governing permits and licenses. Foreign investors count on the publication of a negative listing specifying the domains in which foreign investment is precluded, as well as on the provision of more definite regulations concerning cases requiring investment permits—e.g., in the event of the establishment of joint ventures with the participation of the State Treasury, municipal enterprises, or cooperatives, or in the event of foreign investments in banking, insurance, or lotteries. Such a law should meet the postulate, often advanced by investors, of transparency.

Another aspect of liberalism is a precise definition of tax exemptions. It is advisable to specify at the outset a minimum level (e.g., if foreign capital accounts for more than 20 percent of a company's founding capital) for tax vacations [tax exemptions]. Next there is the question of how to reckon the time limit of the permit? Starting with the moment the enterprise is registered or with the moment it earns its first profits? The latter solution is more attractive to investors. It could be recommended, on condition that penalties should be provided for protracting the period until first profits are earned and concealing these profits. And, in the event a company is shut down, the foreign partner should be expected to pay an amount corresponding to the tax exemption, which would transparently protect the unquestioned interests of the country in which the investment is sited.

Furthermore, foreign investors could be helped by providing for the debiting of losses in a given fiscal year to profits in several successive years, upon, however, safeguarding against any fabricated losses. Lastly, care should be taken to preclude any imprecise regulations, that is, regulations which refer tax matters to other provisions of the tax law in Poland. The new law on foreign investments should, when translated into other languages, communicate to the investor everything he wants to know, and everything he needs to know in order to take decisions.

One should not go too far with liberalism, because protecting the interests of the country of investment is practiced throughout the world. Tax exemptions do not have to be universal in nature.

In the opinion of members of a mission of the Consultative Office for Foreign Investments (FIAS), attached to the World Bank Group, during their visit to Poland, tax exemptions should be confined to new direct investments, exclusive of financial investments made in privatized enterprises. This is highly important in view of the concurrent process of privatization. Besides, in principle, no one counts on getting tax exemptions when investing in trade, founding gaming casinos, or being active in banking and insurance.

It should be borne in mind that tax concessions are a factor in not only attracting foreign investors but shaping the structure of investments. Thus, from the standpoint of the balance of payments of a country, especially a major debtor country, tax exemptions should stimulate investments in production for export, meaning that income tax exemptions should be tied to export sales. That was besides the gist of the old law on foreign investments. Besides, such exemptions should be meshed with development priorities, and in particular with the list adopted by the Commission for Coordinating Foreign Aid and Credit with respect to the policy on the state's guarantees of foreign credit.

Our legislation on foreign investments must allow for two important problems affecting our economic reality, that is, privatization and Poland's foreign debt. As the state gets rid of its company town nature, jettisoning planned economy, foreign economic entities will increasingly become purchasers of securities side by side with domestic individuals and institutions. This is besides envisaged in the Privatization Law passed on 13 July.

Obviously, if the requirements for stock purchases were the same for Polish and foreign stockholders, there would arise the risk that a majority of shares would be acquired by foreign companies. To be sure, as it seems to us at present, it is doubtful whether they would be that anxious to acquire the ownership of many privatized Polish enterprises. Still, the law should provide safeguards against any eventual acquisition of the best Polish enterprises by foreign capital, and it should specify the guidelines for the segmentation of the primary and secondary capital market, assuming that such a market will arise in the not too distant future.

Assuming that the conditions envisaged in the Privatization Law now exist, meaning that shares issued by the State Treasury are being sold by means of auctions, offers, and bidding, we could suggest, e.g., organizing two parallel auctions: one reserved exclusively for foreign investors and the other, organized for Polish buyers. The market prices of the shares would vary and be freely determined on both markets in accordance with their supply and demand limits. Another solution would be to organize one auction on condition that it would not

apply to the shares sold on preferential terms to employees of the enterprises concerned, while the shares bought by foreign entities would be subject to the provision that for a limited period of time they would entail lower dividends. Lastly, the possibility of a single auction with advance fixing of the minimum stock sale prices for foreign entities also could be considered.

The above possibilities for segmentation could also apply in the event that stock is sold by means of public offerings or negotiation between parties as envisaged in the Privatization Law (Article 23). Similar rules could also be applied to the secondary capital market, as advocated by, e.g., UNIDO experts.

The Privatization Law also provides for granting to foreign entities permits for the purchase of more than 10 percent stock in an enterprise, which in practice means that purchases exceeding that level could be disallowed. But wherever decisions are entrusted to the bureaucracy, all kinds of mistakes can be expected. In view of this, the new Privatization Law could specify that consent to the acquisition of more than 10 percent of stock in an enterprise by a foreign entity would entail—at least in case of certain key enterprises—the issuance of preferred stock of the golden share type which would be retained by the State Treasury, and whose rights would be set forth in detail. That would enhance the law's transparency, a quality which potential investors prize greatly.

As regards debt relief, we cannot afford to disregard an approach which has proved itself in recent years in other debtor countries, namely, the exchange of debt for shares in enterprises (debt for equity swaps). This procedure may be such that Polish government securities referring to specified amounts of indebtedness could be purchased by Western companies on granting them the right to swap these securities for shares in privatized Polish companies. Unless appropriate provisions are included in the Law on Foreign Investments, operations of this type will not take place automatically.

The new law on foreign investments should provide for the possibility of the mutual association of foreign investors. There remains the question of whether they should associate themselves by sector, region, or some other criterion. At any rate, the possibility of existence of such an association should be clearly guaranteed. And it should not be a sham association. For example, it would make various claims and postulates.

It should be borne in mind that the existing Chamber of Foreign Investors has repeatedly presented its views on the desirable shape of the law on foreign investments in Poland. Noteworthy in particular are the Chamber's proposals of freedom of repatriation of profits and capital, abolition of the US\$50,000 criterion as the required minimum capital for a company to be registered in Poland, the possibility of the operation of companies with silent partners (lacking legal entity), the abolition of the institution of the plenipotentiary as spelled out in the 1982 Law, etc. Since we are speaking of

protecting the interests of foreign investors, we also should mention the need to include clauses permitting appeals for international arbitration of disputed issues, of which there will be no dearth as the rate of investment processes in Poland intensifies.

A highly important issue, and one quite often raised by foreign investors as well as by the Chamber of Foreign Investors and perceived by certain regional industrial societies (including the Krakow one), is the question whether foreign entities can purchase real estate, in particular land, in Poland. For some time now the views on this issue have been conflicting. For while foreign investors favor the idea that ownership of land could be transferred to them, the most that our authorities are inclined to grant them is leasing in perpetuity.

Without prejudging the ultimate solution, it should be stated that this issue cannot be overlooked in the Law in the hope that it will somehow resolve itself, and besides compromise solutions are possible. One such solution could be making the purchase of land by a foreign entity contingent on its pledge to erect manufacturing facilities on that land within a suitably short period of time. Then, upon the concurrent application of other instruments for influencing the nature of foreign investments, the peril that foreign entities might use the land in a manner conflicting with our national interests would be eliminated. And besides, undeveloped land is worthless and he who develops it has the right to expect a guarantee of the permanence of his ownership of that land, as ownership without a title would be problematic.

Lastly, another highly important problem is establishing a national agency for foreign investments. As known, the existing Agency for Foreign Investments is evolving in the direction of a promotion office while the minister of ownership transformations is to handle the actual administration of such investments. What is that administration to consist in? Only in granting permits in cases in which foreign investments cannot be automatically registered and classified?

We have said that the law must be transparent and the criteria for the acceptance of particular investments and their preferential treatment should be precisely defined from the outset. In such a situation, granting permits and offering tax exemptions should not cause too many problems to a national agency.

It seems that the activities of such an institution should chiefly focus on verifying whether the activities of foreign investors are consonant with the permits and licenses granted to them, as well as monitoring the effect of such investments on the restructuring of the economy and the evolution of the balance of payments. In other words, this concerns setting and pursuing a policy on foreign capital instead of fooling around with rubber-stamps.

The countries which are ahead of us in pursuing an open door policy have had repeatedly to revise their original laws on foreign investments. The fewer such revisions

the better this is as a testimony to the quality of the legislation. But even if such revisions prove necessary, considering our lack of experience in this field and the implementation of changes under pressure, it would be good to lay at the outset solid foundations for a competent state administration capable of modeling the process of Poland's joining the worldwide network of capital interconnections.

It should be realized that the success of the economic program hinges on the evolution of two cardinal processes—privatization and foreign investments. Everything done so far has taken place within the framework of the existing structure of ownership, production, and land use. The recession essentially represents the response of the old structure to the new pro-effectiveness measures of the money-credit policy. Now the point is to bring about a new structure.

Solutions for Improving Joint Venture Prospects Outlined

91EP0029C Warsaw GAZETA BANKOWA in Polish No 40, 30 Sep-6 Oct 90 p 15

[Article by Milosz Weglewski under the rubric "Guidance of Capital": "Prospects for Joint Ventures"]

[Text] The influx of investment capital to Poland has somewhat increased in recent months but it still is a rivulet rather than a river. Since the beginning of this year the Agency for Foreign Investments has licensed the operation of nearly 1,000 new joint ventures, of which more than 250 during July and August alone. Altogether, by mid-September 1,903 companies with the participation of foreign capital existed in this country, and of these 50 percent had already commenced actual operations.

Lately major changes in the directions of the influx of foreign capital can be observed. To be sure, investors from the FRG and West Berlin still predominate and every third joint venture is established with their participation, but as late as last year the proportions had been reversed and only one of every three foreign shareholders did not have a German passport. This is due equally to the mass commitment of West German capital to the territory of the former GDR, which thus somewhat weakens its expansion beyond the Odra River, and to the growing, month after month, activity of Swedish (more than 100 companies established this year alone), American, French, and Austrian investors. The number of countries from which capital has been invested in Poland also is growing, by now it has reached 42. The newcomers include investors from Cyprus, the Philippines, India, and also Saudi Arabia.

However, the gap between quantity and quality is still wide. Major joint ventures in which several to several score million dollars have been invested—consider for example the ventures with the participation of the French potentate Pullman, the American Hyatt, the Norwegian company Kvaerner, or the Swiss concern

ABB—can be counted on the fingers of both hands. Most of the joint ventures in this country are small enterprises whose capital does not exceed US\$200,000, and 60 percent are enterprises with the legal minimum capital of US\$50,000.

In these circumstances the aggregate founding capital of joint ventures just barely exceeds US\$450 million, of which \$240-250 million represents the foreign contribution, which is hardly an imposing figure even if the value of these investments is augmented by including the loans contracted by these companies and estimated as totaling about US\$500 million. This is also to be deplored considering that all too often the companies with the aforementioned symbolic minimum capital concentrate on export-import operations. Certainly such operations also are needed, but the shortage of manufacturing and processing capital appears to be much more vexing.

The reasons for this preference for investing in export-import operations are doubtless traceable to the natural caution of the foreign businessman who avoids diving into deep waters in a new and unfamiliar economy. Still, it would hardly be news to state that a considerable proportion of the smaller investors view their commitment to Poland in terms of maximizing their profits within the shortest possible time, selecting fields in which substantial investments are not required and which at the same time guarantee recouping their expenditures as rapidly as possible. In the present situation of this country such a field is precisely trade, especially imports. There is probably nothing improper or evil in investment calculations of this kind, but still, from the standpoint of our broader national interests, this type of investments is not the most desirable one nowadays.

Also, no less dubious is the motivation of a quite substantial number of domestic economic entities, which search for a foreign partner for just one specific purpose. The preferences accorded to joint ventures, starting with tax exemptions and discounts and ending with exemptions from wage ceilings, endow the participating domestic firms with immediate advantages over the other indigenous enterprises. Hence neither modernization, nor restructuring of manufacturing operations, nor the streamlining of the organization of labor and management but the status itself of being a joint venture provides the guarantee of a better future or simply of survival.

On their part, the more serious Western investors are hardly enthused by the conditions provided for them in Poland, conditions that, while no longer restrictive, continue in many aspects to be burdensome and limiting to freedom of action. In particular, the issue of restrictions on the repatriation of profits and the lack of cohesiveness of the laws regulating various aspects of the operation of joint ventures, not to mention the still excessively bureaucratic procedure for obtaining operating permits, is being raised.

The situation has undoubtedly become ripe for revising the laws governing the operation of companies with the participation of foreign capital, and such revisions are being prepared. The point is not at all some [sort of] thorough overhaul of the existing law—it is such thorough overhauls that are most feared by investors—but adapting the applicable legal regulations to the logic and requirements of the changes taking place in our economic system, as well as adapting them to the letter and spirit of the recently passed legislation, and chiefly the Privatization Law.

The Agency for Foreign Investments has already drafted proposals for revising the applicable law, and although they are still to be considered by lawmakers, it would be worth it to consider the directions of change which they postulate. These proposals are undoubtedly intended to improve the conditions for investing in Poland, with a somewhat more selective guidance of the influx of foreign capital, and at the same time they stress the need to equalize these conditions, particularly in their fiscal aspect, for both foreign and domestic investors. That is because, while foreign companies and joint ventures should be provided with more favorable conditions in Poland than at present, these conditions should not be better than for Polish enterprises.

The first of the proposed revisions concerns simplifying the procedure itself for the establishment of joint ventures. This concerns abandoning the system for granting operating permits, on merely retaining the requirement that such enterprises be registered with courts. Even then the Agency opts for certain exceptions to this new rule. In the opinion of the Vice Chairman of the Agency for Foreign Investments, Hubert Janiszewski, operating permits should still be required in the case of major joint ventures whose capital exceeds US\$10 million and in which the majority partner is foreign, as well as in the case of the ventures operating in the domains which are traditionally considered as so-called strategic domains from the standpoint of national interest. This concerns the possibilities for streamlining and coordinating the utilization of mineral resources, or simply preventing the duplication of major investments, e.g., in petrochemical industry. Another case of this type would be joint ventures in which a significant share is held by the state, although the size of that share still has not been defined. At any rate, only that threshold amount would determine the need to apply for an operating permit. The authors of this approach argue that the crucial point is the preservation of control over and protection of the interests of the state sector, the more so considering that its scope will be greatly curtailed in the future.

As another convenience for investors, the Agency presupposes the possibility of guaranteeing the repatriation of 100 percent of their profits within a definite time frame. That time frame has not been defined yet, and it may be—though it does not have to be—the year 1996, which would be consonant with the terms of the recently concluded agreement between Poland and the United

States. In one way or another, the decision on this particular matter will belong to the minister of finance.

Lastly, the third group of revisions would pertain to the financial conditions of the operation of joint ventures, especially their fiscal aspect. While the existing level of the income tax burden (40 percent) is to be retained, the principle of deducting investment expenditures from the taxation base is to be universally introduced, under the Agency's proposal, with "investment" to be interpreted as both manufacturing and capital investments—even if in the form of purchase of securities, whether government bonds or shares in privatized enterprises. Another major innovation would be the adoption of the principle that a company's first-year operating losses could be deducted from its taxable profits during the next three years. These rules would apply equally to joint ventures with foreign participation and to indigenous enterprises. Such a system should act as an incentive for manufacturing investments, which as a rule are less profitable in the initial operating period, but it would place in a somewhat worse situation the commercial companies which, in Polish conditions, earn substantial profits quite rapidly.

Proceeding from the premise that the abovementioned tax benefits are basically tantamount to granting a tax exemption for a period of time, the Agency is in favor of abolishing the currently mandatory tax vacations [exemptions] or at most retaining them in particularly prioritized sectors of the economy.

This concept includes several other interesting aspects. It is proposed, e.g., that the provisions governing depreciation rates be adapted to the regulations binding in developed countries. After all, in Poland the period of depreciation of a computer stretches over eight years, whereas in the West it is only six months. Similar adaptation to world requirements is needed for our accounting standards. On the occasion, mention should also be made of the proposal to have the balance sheets of joint-stock companies audited not by Treasury offices according to the present practice but by specialized and, above all, independent auditing firms.

This is only an outline of the proposed changes, on which the discrete ministries and foreign investors have not yet been consulted. Nevertheless, as early as in September, their overall concept is to be discussed by the Economic Committee of the Council of Ministers, and let us hope that the prospects for amending or even changing the applicable laws are by now not too distant.

Krawczyk Economic Program: PSL Endorses Balcerowicz Alternative

91EP0020A Warsaw POLITYKA in Polish No 39, 29 Sep 90 p 4

[Article by Jerzy Baczynski: "Deadly Sins and Peccadillos—The Meaning of Rafal Krawczyk's Program"]

[Text] Polls show that barely a few percent of the citizens of the Polish Republic are to some extent familiar with

the differences in the programs dividing our main political groupings. Most often that familiarity consists in indicating who supports Walesa and who Mazowiecki. The public is hardly to blame for this considering that the "acceleration" has resulted in a rather peculiar situation in which political parties already exist in Poland but they are only about to formulate their own programs. In each camp taskforces are working on drafts of program planks. Nowadays economic ideas that could be championed as alternatives to the Balcerowicz Plan are particularly prized. The first major grouping to declare that it has such a program is the PSL [Polish Peasant Party]. It turns out that it has adopted as its own manifesto a proposal made by Docent Rafal Krawczyk. Since the PSL has a chance to play a major role in the future alignment of political power in this country, the ideas championed by Docent (or perhaps by now Professor—I beg pardon) Krawczyk merit investigation. Once the PSL endorsed them, they have ceased to be the private affair of one publicist.

I admit that I have not been following the evolution of the views and career of Rafal Krawczyk too closely. I am aware that he had spent the last few years in the United States and that he reminded the Polish readers of his existence only last year when a series of his articles advocating so-called universal employee stock ownership was published. In his highly publicized book "Wielka przemiana" [The Great Change] which appeared last spring, he elaborated the idea of employee stock ownership and presented, in outline, a program for transition from socialism to "good" capitalism. (If that book is still available in the bookstores, I recommend it.) Later I learned that R. Krawczyk is working on his own integral "Anti-Balcerowicz Program" and looking for a political grouping which would be willing to endorse it. As can be seen, he has finally found it. Although many other economists have published their objections to the program of Leszek Balcerowicz, none has as yet gained the unequivocal endorsement of an influential political grouping. This is a definite accomplishment of Mr. Docent Krawczyk.

Everything Went Wrong

What is Rafal Krawczyk's program all about? Any discussion of a 25-page manuscript is bound to be incomplete, and thus it would be best to reprint that document in its entirety. Unfortunately, for obvious reasons we cannot publish the text of hefty political brochures in this newspaper. Of necessity, therefore, on asking pardon of the author and the PSL, we shall confine ourselves to summarizing the main points of that program.

To wit, R. Krawczyk claims that the government's economic policy has collapsed and "the economy is on the brink of bankruptcy, the margin of poverty has grown incommensurately, and output and GNP have declined, yet no growth-promoting factors have appeared." The

Balcerowicz team demonstrated its frivolity and incompetence by facing us with the perspective of underdeveloped capitalism. The present government is stuck in the vicious circle of the same economic policy as that "ineffectively introduced by the last communist government of the Polish People's Republic, the government of M. Rakowski," but this time the social and economic consequences are much more painful. The Balcerowicz Program did not take several months to collapse but was "like an infant with grave congenital defects."

R. Krawczyk enumerates 12 deadly sins of the government program, including: viewing ownership transformations as secondary in importance compared to price decontrols and wage freeze; acting to the detriment of the government's own enterprises, i.e., state enterprises, by treating them in an adversarial manner; belief that unemployment will create a labor market; the desire to liquidate peasant farming in favor of a foreign model, namely, farming by farmers; the maintenance of an artificially low dollar exchange rate; excessive fiscalism, which is, in particular, ruinous to private enterprise; an arrogant privatization program that does not allow for "a feeling of coproprietorship by plant workforces" and for the capital resources of the society, etc. Docent Krawczyk cannot find anything deserving praise in Balcerowicz's policy. In this respect his comments are more scathing than those made publicly by any of his fellow economists.

But let us not comment on these accusations as yet, because, at least to me, economic criticism is only worthwhile to the extent that it is accompanied by proposals of alternative solutions. Let us then rather consider R. Krawczyk's proposals.

Three Pillars

Krawczyk's program is based on, in his own words, three pillars:

1. Solicitude for the private sector as based on a "reasonable and moderate" tax policy, exemptions, low-cost credit, temporary protection against foreign competition, and liberalization of the labor law code (?).
2. Rapid privatization of the socialized sector, chiefly by granting to employees, majority shares (51 percent) in state enterprises in return for a symbolic fee and renunciation of stock dividends for the first three to five years. Similarly, shares in state banks would be allotted to depositors having accounts in these banks. At enterprises bought by foreign capital part of the shares would be set aside for self-government of the workers.
3. Treatment of agriculture as a special sector and protection of peasant farming by, among other things, promoting exports of healthy food (we must exploit the fact that Polish agriculture represents Europe's living Skansen [a kind of ethnographic park, a reference to the open-air ethnographic museum in Stockholm's Skansen Park], breaking up the monopoly [of the state as the]

middleman, and fixing minimum prices for farm products. The goal should be to emulate Danish agriculture, where "small farms measuring nine to 15 hectares in area mesh with local production by small cooperatives and a broad range of services."

In addition to these three pillars there are several—let us say—shoring beams. Above all, "Our foreign indebtedness should be suspended and consigned to oblivion." The zloty will be devalued. The structure of the government should be changed: the existing ministries of the market, of industry, and of construction should be eliminated and replaced with ministries of the economy and of housing. The new government should be a government by technocrats rather than a creature of political compromise. Special protection by the state is needed for culture, the health service, and social services. That is about it: I think I summed up the principal points.

What About Inflation?

Let us now consider whether Krawczyk's program is a workable alternative to the Balcerowicz Program. Risking eventual anti-Krawczyk polemics by the government side, let me say immediately that I do not consider it a fault for this program to lack detailed solutions concerning, e.g., the nature and levels of taxation, the extent of devaluation of the zloty, the interest rate policy, etc. Economic discussion has to be, unfortunately, conducted at a certain level of generality.

On the other hand, I am completely at a loss to understand how Docent Krawczyk, in his study, could completely ignore the question of inflation, that is, a problem which Balcerowicz's team considered absolutely essential. After all, the various negative consequences of the government program, so bluntly stated by R. Krawczyk, derived from the adoption of strict anti-inflationary measures. That was the reason for the fiscalism, the wage controls, the high interest rates, the recession, the decline in the living standards, etc. One can question—as is done by, e.g., Professor Dariusz Rosati—whether the government's policy may not have been too restrictive, and whether these anti-inflationary effects might not have been achieved at a lower cost, but ignoring from the outset the point of departure, that is the peril of galloping inflation, looks to me like intellectual dishonesty. This resembles the classical "setting up a straw man," and makes it possible to avoid the sensitive subject of sacrifices. Docent Krawczyk castigates the attempts to revive the economy as being too diffident, and that is indeed true, but, as the government itself admits, that is owing to the fear of again unleashing inflation. How can R. Krawczyk ignore all this?

I suppose that R. Krawczyk would propose a different sequence of actions: first, privatization (based on the concept of universal employee stock ownership), and only afterward stabilization of the economy. But how can privatized property be properly appraised in the presence of an inflation rate of 30-40 percent monthly? Let us assume that we shall somehow be successful in

translating into reality the employee stock ownership plan in the presence of inflation, but this raises the question of what anti-inflationary policy shall we adopt afterward? It would have to resemble the policy adopted by Balcerowicz, and, if that is so, then its consequences would be similar. I do not believe that enterprises controlled by their workforces would react to the anti-inflationary cure differently than the present-day state enterprises. Essentially, our plants are already controlled by their workforces anyway, and that is the reason for job protection [failure to fire redundant employees] despite the decline in output, for the absence of any long-range policy on manufacturing and commerce, for the emphasis on enduring and surviving, etc. As to how the introduction of universal employee stock ownership could change these attitudes of the workforces, that remains an enigma to me.

The idea itself of universal employee stock ownership, which is the nub of R. Krawczyk's proposal, has undoubtedly considerable merit, but its flaws seem to be even more substantial. In his aforementioned book, Krawczyk excoriated the so-called [worker] self-government option, so far as the model of property ownership in the economy is concerned, but the employee stock ownership model he proposes displays precisely the same flaws. On the other hand, I believe that Krawczyk is justified in his concern that the funds earned from the sale of state property will all be, under the law in force, channeled into the state budget so that the newly privatized enterprises would not get even a penny. To be sure, Deputy Premier Balcerowicz claimed that these funds will be returned to industry in the form of various special funds, tax exemptions, and credits, but it will hardly be easy to convince the work force and the plant management that in the meantime they are to get privatized for privatization's sake.

The present privatization law is a compromise among employee stock ownership advocates like Docent Krawczyk, advocates of worker self-government, and advocates of commercial privatization such as the former special government privatization czar K. Lis. Honestly, I prefer such a "mongrelized" law, which serves to apply diverse techniques of privatization, to its ideologically pure variants such as Docent Krawczyk's "universal and democratic privatization."

The Peaceful Countryside

Let us dwell for a moment on the other two pillars of the Krawczyk plan. First, the preferential treatment of the private sector. Fine. A "reasonable and moderate" tax policy for that sector is needed. This is of a certainty linked to another of Krawczyk's postulates, namely, reducing the fiscalism of economic policy. But how can this be reconciled with the need—stressed by the author—to protect agriculture, the health service, and culture, to finance low-cost credit, etc.

Similarly, how to reconcile the accusation of the deliberate starvation of the socialized sector—the object of

the government's illwill—with the postulate of a privileged treatment of the private sector?

As for agriculture, consider that Docent Krawczyk's program was endorsed by the PSL. In view of this, let me cite the following passage from that program: "Instead of being mindlessly destroyed, [peasant farming] should be treated as a vast Skansen which no longer exists anywhere else in Europe. Hence also there is no longer anywhere else in Europe such a countryside with all of its healthy and humanist traits and natural landscapes. This living Skansen is highly marketable.... An obstacle is the existing construction laws which prevent the conversion of traditional thatched-roof peasant huts to a network of modern tourist homes...." If that is what the PSL's program is like, I wonder what the farmers themselves think of it? Of course, exporting "healthy food" should be an objective, and it requires huge capital investments (in packaging, distribution, marketing, etc.), but as for shutting up 40 percent of Poland's population in the Skansens, in "healthy huts," and of a certainly also having them dress up in folk costumes, that is something else.

The aspiration toward the "Danish model"—how is this related to the Skansen?—makes more sense, but again there is the question of how to attain such a desirable agrarian structure (nine to 15 hectare farms) if we are to protect en bloc the present-day peasant farming? And as for the postulate of demonopolizing procurements and developing services in the countryside, that has been part of every government document ever since last year, but as yet there is a shortage of funds for providing low-cost credit. Where will the PSL find the money?

Verbal Opposition

The other proposals of R. Krawczyk also elicit serious objections. He advocates "abandoning debt payments," but, first, basically, we are not making these payments anyway and, second, our creditors still have ways of getting us to pay, and as for unilateral cancellation of debt, that is something that not even countries debtwise worse off than we have dared to declare. Besides, the government is negotiating a debt moratorium anyway.

As for the devaluation of the zloty, this raises the question of why should our already low volume of imports be still further restricted, and besides this would augment our already substantial export surplus, and might not this prompt our creditors to try and make us pay interest on our debt, as well as be a stimulus of inflation? And so forth, so on, nearly every idea of R. Krawczyk is either obscure or banal or dubious.

Following Krawczyk's savage criticism of the government program, the alternative solutions he proposes can hardly be viewed as coherent and sensible. Still, Krawczyk's program contains many justified suggestions, particularly concerning the need to support the private sector, which has actually been suffering so far owing to the existing restrictive monetary policy. Of a certainty it

would make sense to modify the structure of the government, but that is a detail. R. Krawczyk advocates protecting "Polish entrepreneurs, producers, and farmers against excessive foreign competition," and that is acceptable, but only within certain limits, as otherwise we would face the threat of domestic monopolies—for example the FSO (Passenger Car Factory). Yet elsewhere R. Krawczyk assaults the government for its sham break-up of state monopolies.

In a word, so far as positive proposals are concerned, the only thing I find in the Krawczyk-Bartoszcze program [Bartoszcze is PSL chairman] is certain suggestions as to a limited revision of the government program. But its rhetoric can be said to be revolutionary.

If only for greater security, some coherent economic program representing an alternative to the Balcerowicz Plan would indeed be desirable. (It is said that the Center Accord party is working on such a program.) As for R. Krawczyk's program it is a pretty good political manifesto, but I would prefer to protect the economy against a political experiment.

As known, the PSL has ostentatiously gone over to the opposition, while leaving its ministers in the government. R. Krawczyk's program is unfortunately accommodated in such a philosophy of the PSL: raucous, verbal opposition which changes nothing and contributes nothing original to the Polish economy except perhaps the person of the author himself.

State Still Ignoring Marketing Signals in Agriculture

90EP0883A Warsaw GAZETA SAMORZADOWA
in Polish No 20, 19 Aug 90 p 3

[Article by Ryszard Andziak: "Trends: Agricultural Policy"]

[Text] A delegation from the World Bank and the EEC spent six weeks in Poland. Working with Polish specialists, it developed a strategy for the development of Polish agriculture. Obvious, commonly recognized problems proved once again to be the most disturbing. When Claude Blanchi, head of the World Bank and the EEC delegation, told members of the Sejm Commission on Agriculture and Food Economy that during the next few years Polish agriculture would not be able to count on the support of domestic industry, his statement filled the Sejm deputies with alarm. To sweeten the bitter pill, he immediately went on to point out favorable aspects of Polish agriculture.

The western experts listed advantages such as the fact that Polish farmers are hardy and enterprising and have a good level of knowledge. They also noted Poland's favorable climate, its advantageous location for export markets, and, most important, the fact that most farm land is in private hands. Claude Blanchi said: "You also have a developed system of cooperative banks unknown

anywhere else in the countries of Eastern Europe. It would take at least 10 years to create such a structure."

The experts stated that in the development of agriculture, the most important thing is rural development. As everyone knows, some people will leave agriculture because of the change in the farm structure, which is essential, and because of competition, but they will remain in rural areas. They won't find jobs in town, at least not in the next few years, so they'll have to find work in the countryside: in commerce, services, or small-scale processing, and they'll need credit and training for this.

It is essential to mobilize capital in processing industry and agriculture by breaking up monopolies and rapidly converting to private ownership. The specialists warned that unless the food and agriculture sector is restructured, it will become a bottle neck in agricultural development, because of low productivity and outmoded technology for processing crops. But the monopolies are still holding up well, privatization is going slowly, and people have been talking about the need to expand the processing industry for years.

According to the experts, we can increase yields of rape, potatoes, and sugar beets by 15-20 percent within three to five years, provided that agriculture obtains enough fertilizer, pesticides, and so on in time. In years past it was not unusual for deliveries to arrive after the agrotechnical operations had been completed. At present, however, there has been a 28.2 percent decline in production in the chemical industry, and farmers have also reduced the application of fertilizers, because of high prices. What will the harvests be like in the coming year?

The experts advise us that we should probably orient our foreign trade to the absorptive power of the Soviet market and look very cautiously at western markets.

The experts think that farms in Poland have a tendency towards too many tractors without enough attachments and accessories. It is true that we have about a million tractors in Poland, but their power per 100 hectares of farmland is half that of western countries. Many tractors are completely worn out, and many are homemade put together by the farmers themselves. Tractor production drops each year, while tractor prices increase.

Making Polish agriculture sound also means creating a market for land, including the sale of state farms, the introduction of modern regulations for leasing land and restructuring the State (Agricultural) Land Fund, which could help consolidate holdings. Some state farms should remain under state control to develop research or carry on more specialized production. We must also reform the farm advisory service, which has been devoting too little attention to the economic aspects of agricultural production. This recommendation will probably be the easiest to carry out, because changes are

being planned for farm advice beginning in 1991. Agricultural cells have been recognized as a useful organizational variant.

According to the experts, it is possible to increase food demand and reduce reserves by having the agricultural market introduce fully convertible food coupons. Marketing strategy is also necessary in the food realm, because prices on food products are being liberalized before the commercial network has been restructured. Therefore, under the present system there is no competition, consumer needs are not being taken into account, and the state sector continues to react to the same old stimuli. It is still being inspired by the goal of production rather than trade, and it is still not responding to market signals.

According to the experts, the state should not set any prices on agricultural products, because artificially created prices would run counter to the principals of economic theory and the economic system presently being conducted. Up until now the state has not given in to the demands to introduce guaranteed minimum prices, although in recent talks between the government and farmers, the agrarian circles have still been asking for them on wheat, rye, and rape.

There are various deadlines for the proposed solutions to make our agriculture sound. Will they be taken into account, at least those for the agricultural policy program, which is so painfully coming into being?

Irish Electronics Firm Establishes Representation in Poland

91EP0029A Warsaw GAZETA BANKOWA in Polish
No 40, 30 Sep-6 Oct 90 p 15

[Article by (R): "Ireland in Poland"]

[Text] It so happened that a day after the first ambassador of the Republic of Ireland to Poland had presented his credentials, he officiated at the opening of the first branch of a company from the Emerald Isle in our country. Armstrong Electronics, Limited, has been present on the Polish market since 1986 as a supplier of electronic and satellite equipment. Since then, it has familiarized itself with the Polish market not only in its own domain, and, hence its owner, Mr. Douglas Armstrong, has resolved that it is high time to share with others the experience gained.

Therefore, he invested in opening a branch of his company in Warsaw which will engage in not only commercial activities but also financial, marketing, and legal counseling for Polish companies desirous of entering foreign markets and for Western companies desirous of operating in Poland. Its services will include placement of products on the market, establishment of joint ventures in Poland, seeking financial assistance from Western banks, franchise contracts, etc. Armstrong Corporation serves Western businessmen with its contacts, specialized counseling, and even its own office space and telephone lines.

HUNGARY

Abortion Viewed in Postwar Historical Perspective

90CH0301A Budapest VILAG in Hungarian
14 Jun 90 p 18

[Article: "Intrauterine Peace"]

[Excerpt] [passage omitted] Although there is some evidence that the courts of King Kalman called to account women who aborted their fetuses, the Hungarian people have sought various medical remedies for unwanted pregnancies. Appearing on the list of most common abortifacients are juniper, marjoram, aloe, rue, ergot, saffron, and cantharis. At the same time, the concept of abortion does not crop up in Hungary's penal code until the 15th-16th centuries. The punishment was death in the 17th century, but gradually softened over time in keeping with international trends.

The Hungarian National Medical Association held a congress in 1928 and decided that in the future its physicians could terminate a pregnancy for reasons of health, and indeed made the decision binding on its members. From then until 1952 the unanimous opinion of three physicians was required for the lawful operation. During this period, the municipal health officers usually reported 1,000-2,000 lawful interventions a year—while the number of actual abortions was 100,000-150,000 annually.

The rigid requirements were relaxed when the Red Army set foot on Hungarian soil in 1944 and the number of rapes jumped enormously. In the 1960's, however, domestic agencies removed from the archives documents that compromised the Soviet Army. These documents corroborate the words of Peter Gosztonyi, according to whom more Hungarians than Ukrainians—but fewer Hungarians than Germans—were raped by the "liberators." Only lucky cities such as Pecs, where the elite troops landed and the city fathers did not delay in setting up whorehouses, got off cheaper. Elsewhere a good many victims paid with their lives for April 4th, and for this reason an insurrection against the Soviets was imminent along the Danube, according to an intelligence report.

Under such circumstances, on 4 January 1945 the provisional government's public welfare minister issued a circular in which, to settle the abortion question, he tried to gather information about the violent acts. Although even then there were those fearful for their country who proposed that the Hungarian women give birth to their rapists' children and sacrifice themselves in the interest of a Hungarian nation otherwise depleted by war, the municipal attorneys-general or the national committees usually decided that the pregnancy of a raped woman could be terminated. However, the communists' original view did not hint at their subsequent standpoint: As late as 1948, a newspaper article mentioned repeatedly and panegyrically that in Germany's eastern occupation

zone—as opposed to the Western—the Soviet Army agreed to the performance of abortions.

Hungarian society was suddenly presented with a fait accompli when Health Minister Anna Ratko ruled in the summer of 1952 that rape be deleted from the list of approved grounds for abortion and that German measles not be included in the 18 medical grounds. Abortion changed overnight from a medical to a political topic, because party headquarters assumed the right to decide the issue after Matyas Rakosi in a letter requested information about the capital city's birthrate. The beginning of the notorious Ratko era was linked to that day at the United Nations when the Soviet Union—in league with powerful Catholic states—declared its opposition to the World Health Organization's birth control program by exclaiming that overpopulation was a problem only in capitalist countries. In any case, the protest was so successful that UN programs to remedy the population explosion could not get under way until the 1960s.

A physician who performed an abortion could be slapped with a 15-year jail sentence, according to the 1952 measures. The highly publicized trials were part of the drama of the era. To the capital city came more than one party of villagers whose schedule included the trial of a physician in the morning and a visit to the theater in the afternoon. The previously heavy burden of proof became lighter with application of the Vizinsky principle: it is not the court which must demonstrate the defendant's guilt but the defendant who must demonstrate his innocence. Some physicians were arrested in the delivery room, and about 100 of them, mostly gynecologists, wound up in jail at a time when 700-800 obstetricians plied their trade in Hungary. In 1953, 26 percent of those sentenced to more than 1 year in jail had been convicted of performing an illegal operation.

The worst thing about these rulings, say the experts, was that the antiabortion battle became the task of police. Every health care worker was obliged to inform the town council or the municipal health officer if he encountered in his neighborhood someone whom he suspected of being pregnant, and within days a threatening letter invited the supposed mother-to-be to see her physician. This network of informers, by the way, is not a Bolshevik invention: It was conceived during the previous regime by municipal health officers concerned for the people. However, as a result of the system of informers and the staff of everywhere meddlesome police, the veteran abortionists camped behind one or two grates or went into immediate seclusion, so that the level of professionalism sagged. At the same time, the required pharmaceutical products—iodine, for example—became difficult to obtain: The life of a woman undergoing surgery was truly in jeopardy.

Imre Nagy's first government brought relief in 1953 when permission for an abortion was extended to various social reasons. The full-scale legalization of 1956 was restricted somewhat in the 1970s. Then in 1988 the statute was born that is still in effect today. It has

recently been attacked by some organizations because, with noble simplicity, they consider abortion to be murder, and by others because they are worried about the Hungarian nation and stubbornly dismiss the demographers' belief that there is no direct link between the number of abortions and the development of population and that the abortion issue must be handled separately from population policy. A Miskolc-based organization called *Pacem in Utero* (Peace in the Womb) and made up of Catholic lawyers and physicians recently submitted a petition to the Constitution Court, requesting a judicial settlement of the issue. The Catholic journal *IGEN* also expressed hope that the new public welfare minister (Christian Democratic People's Party) would be responsive to its, *IGEN*'s, demands. Following Laszlo Surjan's initial statements, perhaps we can be confident that the people from Miskolc will espouse the viewpoint of tolerance and sympathy of the ministry's new occupants: Because there are Catholics in the government, the butcher shops will still be open on Fridays.

POLAND

Alternative Education Association Established

90P20132A Warsaw *GAZETA SAMORZADOWA*
in Polish No 19, 12 Aug 90 p 4

[Unattributed article: "What Is the SEA [Association for Alternative Education]?"]

[Text] The Association for Alternative Education [SEA] was organized in the spring of this year in Wroclaw. Its founders are young scientific associates of Wroclaw-area colleges, associated with the Movement for Alternative Thinking and the Circle of Social Sciences of the University of Wroclaw. The Association has set as its goal the creation of a modern center for education and social consultation—a forum for discussion, information and instruction, the organizing of an independent flow of information between various political and social environments, between dissidents [decydent] and citizens. A public confrontation and presentation of the problems and options (from solidarity-parliamentary options all the way to extreme oppositionist ones) will take place in the form of seminars, conservatories, and panel discussions. The SEA undertakings will be advertised and presented by the local private television and press. After each meeting, a collection of the materials relating to the problems discussed (in the form of video cassettes, transcripts, press publications) will be prepared. A bulletin will be published with a record of each meeting. On the basis of this material a bank of information will emerge and also a reading room, where those interested will find a complete collection of information in the areas of the economic, social, and political problems touched upon [in these fora].

Paid instruction, especially economic, is the other concern of SEA activity. Education will be in two directions—courses for wage-earners in the field of, for example, labor law, for the unemployed, and for those

who wish to requalify for other work, as well as instruction dealing with privatization, forms of ownership transformation of state enterprises, the capitalist market and its institutions, banking, and management. For those interested in the activity of SEA, here is our address: Wroclaw, ul. Marii Curie-Sklodowskiej 83/85, telephone 22-92-71.

ROMANIA

Norway To Provide Aid to Children in Orphanages

Conditions Seen Unchanged Since Ceausescu

91P20005A Oslo *AFTENPOSTEN* in Norwegian
10 Oct 90 p 4

[Article by Bard Idas: "Romanian Children Are Getting Help"]

[Text] The Norwegian Red Cross has reacted spontaneously to the TV images from the orphanages in Romania. Today General Secretary Odd Grann is traveling to Bucharest to take up the lack of care with the Romanian Ministry of Labor.

The coverage by the American ABC television network uncovered the fact that conditions at most of the Romanian orphanages remain inhuman.

"It is tragic to see such concentration-camp-like pictures which document totally shameful conditions 10 months after the fall of the Ceausescu regime," says Norwegian Red Cross Information Chief Ivar Steen-Johnsen.

"We were participating in enacting new legislation which was to strengthen child welfare in Romania. We see that work of the authorities was too late. We should recall that Romania is a land rich in resources. It is indeed possible to do something about the conditions," says Steen-Johnsen.

Karl Kvalsun of More-Romsdal Aid to Romania says in *DAGBLADET* today that he had warned the Norwegian Red Cross about the conditions at Easter time. He criticized the Red Cross for not having interceded earlier.

"As far as I can see, Kvalsun is repeating the criticism directed against the Red Cross in March. That he must do. We feel, however, that it is more important to be constructive. We must think toward the future and try to make the Romanians understand that they cannot treat their physically and mentally handicapped in the shameful manner which was documented," says Ivar Steen-Johnsen.

Save the Children has also now become involved in the situation of orphanages in Romania.

"It is evidence of an unbelievably cynical view of humanity, a total incompetence of personnel, combined

with a dramatic lack of resources. Many orphanages are in reality annihilation camps which only can be compared to Nazi methods," says Hans Christian Bugge, general secretary of Save The Children.

Team of 70 To Provide Training, Aid

91P20005B Oslo AFTENPOSTEN in Norwegian
16 Oct 90 p 6

[Article by Dag Fonbaek and Torill Nordeng: "To Romania To Help"—first paragraph is AFTENPOSTEN introduction]

[Text] Seventy mental hospital nursing students, therapists for the mentally and physically handicapped, teachers, and specialists from Trondheim are traveling to Romania on 23 October to help at the institutions in Moldavia. Children, youth, and the elderly will all receive aid.

The aid project came spontaneously into being after the TV expose presented by the NRK [Norwegian Broadcasting System] last week, says education inspector John Grimstad at the Trondheim Medical School.

The Red Cross Is Spreading Out

Odd Gran, general secretary of the Norwegian Red Cross, said to an AFTENPOSTEN staffer in Bucharest that the Red Cross had decided to broaden the sphere of aid to include the orphanages in Romania. The aid will be concentrated in institutions in Transylvania where the Norwegian Red Cross has already gained admittance.

"We will send in many people to teach the personnel of the institutions and to encourage elementary hygiene—and nutritional information," says Grann.

"For the students of the medical school, the stay in Romania will be first-class training. We will also be able to demonstrate our solidarity," says Grimstad.

Initially students, a child psychiatrist, a pediatrician, a psychologist, a nurse, a physical therapist, and mental hospital nurses will be in Romania for 14 days. It is not yet clear which institutions they will be working at. "It can just as well be institutions for youth or for the elderly," says Grimstad.

After the 14 days, 10 of the group will stay in Romania to work together with the team from the Norwegian Red Cross.

But what can you accomplish in 14 short days?

"We will first map out what is needed. Signals we have received hint that it is not just orphanages which need outside help. What is available to youth and the elderly in institutions is just as insufficient as that for the children," Grimstad fears.

In the days after the American TV crew forced their way into an orphanage and discovered the conditions which have moved the entire Western world, the Trondheim students worked intensively to get there. SAS is offering reasonably priced charter flights roundtrip to Bucharest. The Norwegian Red Cross is helping transport the students further on to Moldavia, and the students will be privately quartered.

"We are carrying hermetically sealed and other nonperishable foods with us and will live as cheaply as possible. The days will be used as effectively as possible. Ideally, washing, feeding, giving the patients clean clothes and above all physical contact," says Grimstad.

When the mapping is complete and local ties are cemented, Grimstad assumes that the mental hospital nursing students in Trondheim can carry out their residency in Romania in the distant future.

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