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CZECHOSLOVAKIA

Director Defines Role of Office for Protection of Constitution

90CH0427A Prague LIDOVE NOVINY in Czech
15 Sep 90 pp 1, 16

[Article by Mly: "The Office Must Serve Everyone"]

[Text] At the Office for the Protection of the Constitution and of Democracy, its director, Jiri Mueller, and its deputy director, Frantisek Starek, met with journalists yesterday morning. Mr. Mueller is already the third director of the office in its seven months of existence. Toward the end of the 1960's, he was a leader of the student movement, an activity for which he was sentenced to five years in jail.

Jiri Mueller familiarized the journalists with the status and the concept of the office and with the tasks he is supposed to solve. The new leadership places the principal emphasis on creating an action-capable unit, subordinated to the parliament and organizationally outside of the Federal Ministry of the Interior, which is clean from the cadre standpoint. The principal content of the work is the gathering of information on violations of constitutionally established rights and obligations of the citizenry. The office is also charged with monitoring the movement of foreign intelligence organizations in our territory and of providing counterintelligence protection. It will also collaborate in the struggle against terrorism and the narcotics Mafia. The office is authorized to conduct investigations; its members have no police power—they cannot conduct interrogations or house searches. "It is an intelligence service without any repressive authority. The task involves information and not police action," said Jiri Mueller. The office gathers two types of information: information regarding criminal activities, which it passes to organizations active in the criminal system and strategic information, intended for constitutional officials. The office is not permitted to ascertain the political and religious persuasions of citizens. The parliament will have at its disposal all internal proclamations which govern the use of intelligence resources, money, personnel matters, etc. The director of the office should be appointed by the president. The Federal Government should be approving the principles of activities and the staffing level. The purpose of dividing authority is to assure maximum impartiality on the part of the office. "I wish to promote the principle of its supraparty character. Its employees must be more state employees rather than political functionaries. The office must not be an instrument of the internal political struggle. It should serve all of society," noted Jiri Mueller.

The concept which the director of the office outlined is the substance of the proposal of the Law on the Federal Service To Protect the Constitution, which will be debated in parliament in October. The proposed Law on Utilizing Intelligence Resources, according to which each use will technically require the written approval of the state prosecutor, should also soon be passing through

parliament. The office will simultaneously be the coordinator of intelligence technology so as to prevent conflict between the interests of security components.

In response to questions by the journalists, the director noted that the present position of the office is highly complicated because, apart from the orders establishing the office, there are no further directives from the Federal Ministry of the Interior to cover its operation. Any day now, Minister Langos, whom Jiri Mueller designated as being an imaginative person in the right place, is expected to sign the order governing the activities of the office for the period until approval of the appropriate law.

In responding to a question by LIDOVE NOVINY as to whether the law on the commitment of intelligence resources retains a possibility for their immediate commitment without the approval by the prosecutor, Jiri Mueller said yes, but that subsequent nonapproval by the prosecutor should mean destruction of information obtained in that manner. "This conflict between utilization and fear of abuse must be resolved by parliament. The method of control, which the parliament will approve, will be adhered to," said the director of the office and added: "At present, we are not permitted to use intelligence resources, and we are actually not using them, although this renders our work more difficult."

In responding to our further questions, Jiri Mueller said that the office will be primarily obtaining its information from open information sources such as the communications media. The office will only use agents who must never be compelled to cooperate in exceptional cases. Collaboration with the office will not be a lifelong affair and will not be accompanied by a written undertaking. The principal task of the intelligence operatives will involve political and social contacts.

Regarding the activities of foreign intelligence services, Mr. Mueller stated that they continue to function in our territory, even though they have different tasks than was the case heretofore. In the future, Czechoslovakia will be aiming its attention on gathering information regarding the attitudes and intentions of foreign countries with respect to Czechoslovakia. In responding to a question as to whether the office is monitoring the activities of former members and collaborators of the State Security Apparatus (StB), the director at first responded with a smile. Then he stated that it is necessary to close this sad chapter, but that recent scandals are hampering a successful solution. "It is not our task to make decisions in this regard, but rather to realize decisions," he added. In this connection, the director expressed his uneasiness with regard to the number of new private detective firms, which are frequently equipped with weapons and with intelligence technology without their existence and activities being regulated by law.

HUNGARY

Third Step in Council of Europe Membership Approval Assessed

91CH0028D Budapest NEPSZABADSAG in Hungarian
19 Sep 90 p 3

[Interview with Foreign Ministry spokesman Janos Herman and Hungarian Socialist Party (MSZP) Representative Laszlo Kovacs by F. O.; place and date not given: "We Are Not Pushing and Shoving, but We Are Joining the Council of Europe"—first paragraph is NEPSZABADSAG introduction]

[Text] Following in the footsteps of the political and legal committees, the Council of Europe Committee On Non-member Countries met in Paris the other day and dealt with the acceptance of East European countries into the Council. We asked Foreign Ministry spokesman Janos Herman, and one of the participants at the meeting, MSZP Representative Laszlo Kovacs, where Hungary's acceptance as a member stands.

[Herman] The Hungarian delegation was headed by Deputy State Secretary David Meiszter. He reported on the circumstances of the systems change, our foreign policy trend of renewal, and the growing cooperation between Hungary and the Council of Europe. In other words, he presented all that justifies our acceptance as a member of the Council. Several participants paid tribute to Hungary's transformation, and praised Hungary's role in the process of European renewal. In his closing remarks committee Chairman Peter Sager said that there was no obstacle to Hungary's admission and that it will occur this year.

[F.O.] When may we expect a final decision?

[Herman] The Council of Ministers will render a decision probably in November.

[F.O.] What were Laszlo Kovacs' findings at the meeting?

[Kovacs] Members of the committee were favorably impressed by the fact that I, a representative of the opposition Socialist Party argued essentially the same way as the government representative did; in favor of full-fledged membership. The vote was unanimous; our admission was also recommended by this committee.

[F.O.] Accordingly we no longer have to wait for the admission of Czechoslovakia and Poland, as that possibility emerged previously.

[Kovacs] Members of the committee recognized the fact that it would be a mistake to delay Hungary's membership only because fully free elections did not take place in Poland, and because Czechoslovakia requested admission only in May, a matter that requires more time.

[F.O.] Was Romania's membership discussed?

[Kovacs] Characteristically, Romania's admission was not discussed. Incidentally, thus far Bucharest has requested only a special observer status. The situation in Romania was discussed instead. The committee felt that the Romanian issue may be discussed only if the Bucharest Government guarantees enforcement of the conditions set by the Council of Europe: human rights, and within those, the rights of minorities. In response to my proposal the committee included in its recommendation provisions according to which both individual and collective rights must be guaranteed to national and ethnic minorities.

[F.O.] Is Hungary "jealous" in regard to the Council of Europe membership of the rest of the East and Central Europe countries?

[Kovacs] The fact that in Warsaw, Political State Secretary Tamas Katona, and in Paris, David Meiszter underscored our hope that other Central and East European countries will be accepted as members of the Council was well received. Hungary is particularly interested in the acceptance of Romania, because the closer Bucharest is tied to the European communities, the more it will endeavor to establish appropriate conditions, and the more one may accept the treatment of the minority issue in a manner consistent with European standards.

[F.O.] And what will we gain when we become members of the Council of Europe?

[Kovacs] Our membership in the Council will contribute to the establishment of conditions for our actual integration with Europe, such as in regard to the streamlining of the legal order, of education, and West European social policy practices. And we hope it will contribute to the establishment of a situation in which the existential right of the opposition, and its commitment to the European order of values, cannot be questioned in Hungary. And I say this as a representative of a left-wing opposition party.

Justice Minister Describes Policy, Plans

90CH0445A Budapest MAGYAR HIRLAP
in Hungarian 5 Sep 90 p 5

[Article by Justice Minister Istvan Balsai: "Constitutional Statehood and Human Rights Guarantees"]

[Text] Just recently it was 100 days since I assumed the post of justice minister, thus turning my back—presumably for an extended period—to nearly two decades of legal practice. I am keenly aware of the growing scrutiny with which the public, and various professional and political circles are following my work. Naturally I expect our efforts to draw some criticism, the kind which every member of the government, including me, has been exposed to in the parliament, in the press and various other forums. I would like to stress, however, that with only 100 days having passed, the work of the ministry under my direction cannot be accurately assessed, as according to our estimates the legislative

process and the implementation of the government program will both require time that is roughly the equivalent of a parliamentary cycle. Nor can I fail to mention the fact that already before I assumed my post, the Ministry of Justice had been a professional think tank committed to the establishment of a constitutional state; hence from the very first day on, the prospect of continuity appeared promising.

A New Constitution: Building From Below

In significant contrast to the premise of the constitutional program represented by my predecessor in office, Kalman Kulcsar, I do not believe that the drafting of our new constitution can be accomplished in the short run, for it must be preceded by the passing of several separately drafted constitutional statutes. Once the new institutional system is fully in place, having been built from below, as if it were, we can set as our long-term task the drafting of a new constitution which both in terms of its approach and content is on par with the fundamental laws of the developed capitalist democracies. In drafting a new constitution we need to take into account the traditions and accomplishments of the nearly 1000-year long development of the Hungarian state, as well as the universal values of constitutional development. One of the fundamental issues to be addressed is whether or not it would be justified to transform the parliament into a bicameral body, and if so, then which organizations, (on the basis of what selection system?), would send representatives to the second chamber.

As one of our first, perhaps less widely known undertakings, we have to some extent reorganized our ministry, giving it a new set of organizational and operational bylaws and thus an operating framework that can ensure the professional and official stability and continuity of the ministry in accordance with the requirements of a modern multiparty system. In doing so we have also had to take into account the fact that the legal status of the minister, the political and administrative state secretaries and deputy state secretaries is presently only partially and provisionally regulated by law, while at the same time stressing the urgency of drafting of a statute that would take care of the matter once and for all.

Of our six draft laws already adopted by the parliament I would like to mention the one on general amnesty, the constitutional amendments concerning the establishment of local governments and the arms of the Hungarian Republic, and the law aimed at changing the legal status of the State Property Agency.

The amnesty law was the first independent statutory provision which I was able to submit to parliament in the name of the new government. It was framed on the occasion of the convening of the first freely elected National Assembly. Its adoption had been preceded by lively debate both in the parliament and among the public. People were very concerned that the amnesty would result in the further deterioration of public safety. I am convinced that the law has lived up to what it had

set out to accomplish, and despite all opinions to the contrary I can unequivocally state that this statutory provision has had little to do with the unquestionably alarming increase in crime. Particularly since its broad scope notwithstanding, with respect to those criminals deemed most dangerous to society, and the perpetrators of the most widely proliferated crimes, the law only contains gesture-like benefits. At the same time, it has reestablished complete order at our penal institutions, thus putting an immediate end to the uneasiness and certain unquestionably disturbing phenomena that had existed prior to its enactment, and has enabled us to forestall the emergence of prison conditions such as those experienced in Poland and Czechoslovakia. I must also take this opportunity to express my gratitude to our penal authorities for their integrity.

Since the change in our political system has meant fundamental changes in the organization of the state, such as the elimination of the councils, we have had no choice but to delegate the responsibility of administering local matters pertaining to the populace to the local governments. The new section—Section 9—of the constitution lays down the basic rights to which all local governments are entitled. These rights in essence allow the communities to carry out the tasks aimed at serving their needs freely, independently and through their own elected organizations. This is why the law on local authority which was recently enacted by the parliament—after a long and stormy debate—holds such special importance.

Particularly significant, in my view, is the amendment to the law governing the State Property Agency and the management and utilization of the property under its control. Previously the State Property Agency had operated under the direct supervision of parliament, and was accountable to parliament for all of its actions. The landmark amendment adopted in the past few weeks has placed the Property Agency under the control of the government. The president and members of the agency's board of directors have just recently been appointed by the prime minister. The amendment has made it possible to ensure that the activities of the Property Agency are carried out in accordance with and as part of the government's comprehensive objectives. It should be pointed out, however, that the parliament will continue to retain the authority to adopt so-called property policy guidelines every year, in which it can lay down what it believes are the most important considerations concerning privatization. And government and the Property Agency are required to take these considerations into account. Another important guarantee included in the amendment is a provision requiring the Property Agency to submit quarterly reports to the appropriate committee of parliament.

Economic Legislation

Recently we have submitted to the government seven—mostly economic legislation type—draft laws that are already the subject of, or are awaiting parliamentary

debate. I need not emphasize perhaps that the drafting of economic legislation is a complex matter. Even the most minor changes in certain economic statutes may have significant repercussions. As an example I would only mention the issue of privatization which has been the subject of intense debate for several months now. Our first task in this area was to amend the existing enterprise law. That amendment, together with the amended government order pertaining to it has made it easier for self-contained economic units to leave the fold of the enterprise, and it has also given the enterprise councils to be elected greater leverage in strengthening or replacing managers. This measure has been met with enormous criticism, the waves of which still have not subsided. I can state with conviction—and the experiences we have had so far will support this—that by making this decision the government has chosen the best possible solution to ensure a necessary and justified turnover of enterprise managers. It also gives every organization that defines itself as a protector of workers' interests the time and means it needs to assert its influence within the available time frame, provided that it boasts such influence.

The other important statutory amendment currently awaiting parliamentary approval is the one concerning the reorganization law. Our aim here is to stem the tide of spontaneous privatization efforts that have drawn so much criticism, and at the same time—in accordance with the already mentioned new procedure for defining the tasks of the Property Agency—to provide detailed and clear regulatory guidance concerning the role of the enterprises and the Property Agency in the reorganization process.

By the time this article appears I assume that parliament will have adopted our draft law concerning the abolition of the trusteeship of social organizations, which in addition to being a reflection of our ideas about property rights and our critical view of their twisted and impossible to interpret constructions, also conveys our political intention of transferring significant amounts of property to the local governments. Moreover, we are also recommending transferring real estate—on a contractual basis—to various associations, social organizations and parties in accordance with their relative importance. Closely related to this draft proposal is our long overdue property assessment bill which, as demanded by the people, calls for a complete account of all properties that had been held by the prominent and favored organizations of the past political system.

Adjusting to the European Council

As far as the foreseeable future is concerned there are a few things which I would like to mention here.

Joining the European Council imposes some clearly defined tasks on our ministry. If our country wishes to join the ranks of the European Council, it must accept the bylaws of the organization which states: "Every member state of the European Council recognizes the principle of the rule of law, as well as the precept that

every person under its jurisdiction is entitled to human rights and fundamental freedoms." This means that during this government's tenure we need to continue the legislative effort aimed at creating adequate guarantees at the statutory level to ensure basic human rights.

One such task is to lay down modern guidelines concerning the freedom of the press. Particular attention will have to be paid here to guaranteeing the legal status of the various means of our national mass media (Hungarian Television, Hungarian Radio, and the Hungarian Telegraph Agency) and the impartiality of mass communications. The draft proposal on the protection of the personal records of individuals and on the right of access to information of public concern should be submitted to parliament together with the press law.

One of the urgent tasks facing us is the implementation of statutory regulations concerning the rights of national and ethnic minorities, if for no other reason because it is clear that before we can demand individual and collective minority rights for Hungarians living beyond our borders, those rights must also be fully extended to the national and ethnic minorities living in our country.

In the area of modernizing the operation of our state apparatus the following legislative tasks are worth mentioning: New laws need to be drafted concerning the legal status of ministers and state secretaries, the legal relationship between public administration and civil service, and the signing of international agreements, and there must be a comprehensive and complete review of the law governing the legislative process.

I would like to especially emphasize—for I feel a growing responsibility in this area—that building a constitutional state, protecting the rights of our citizens and nurturing our democracy are goals which cannot be attained without the assertion of independent judicial powers.

In today's Hungary the conditions of litigation have deteriorated to the point where they are jeopardizing the quality and legality of judicature. The steps taken by the previous government in 1989-90, in response to the problem have managed to dampen this unfavorable process, but have been unable to stop it or reverse it. Hence one of the most pressing tasks facing us in the upcoming period is to improve the operating conditions of our courts and to reestablish its reputation, for without this we cannot hope to build an independent judicial system, and we cannot have a judiciary that can take its proper place, and play its desired role in a constitutional state.

As a guarantee of independence the state budget needs to ensure and parliament needs to determine the expenditures of the judicial system; within the organization of the judiciary a distinction needs to be drawn between policy making aimed at ensuring unity of law and the system designed to regulate the courts. Also needed are self-governing organizations to be established for judges, a separately defined judicial status, and a merit and wage system for all judges and court employees.

The modernization of our judicial system and the building of a new judiciary can only be accomplished in several steps. The comprehensive reform will naturally be extended to include the public notary and penal systems as well, and will—in all certainty—also impact on the duties and organization of the Public Prosecutor's Office. Also about to be submitted for consideration is an important amendment to the law decree governing the role of attorneys, the aim of which is to insure access to the legal profession for all lawyers desiring to practice without being employed somewhere, who have passed the required professional examinations and have an apartment or office from which to conduct business. In the future lawyers will be allowed to practice individually, in partnerships or cooperatives, and will be permitted to collect freely negotiated fees for their services. Their activities will be overseen by their own professional self-governing organizations without state interference.

In reregulating criminal law and criminal procedural law we need to proceed from the assumption that a hastily implemented reform would cause more harm than good. The reason why this needs to be stressed is because in this period of social reorganization the temptation is especially great to respond to deviant forms of behavior by resorting to various means available under criminal law. At the same time, however, there are also circumstances which in some areas need to be urgently addressed. Included among these, first of all, is the close interdependence that exists between the judicial system and criminal procedure which prevents reregulation of one without corresponding changes in the other, as well as the fact that joining the European Council will require us to adjust the Hungarian legal system to the judicial practices of the European Human Rights Committee and the Human Rights Court. It is already clear that both in the areas of criminal procedural law and penal law we will need to effect changes in order to live up to this international standard.

Criminal Law Reform

In view of the circumstances listed above we have no other choice but to carry out the reform of the criminal justice system in stages (by way of piecemeal legislation). In order to meet the criteria of a constitutional state and demonstrate our respect for human rights, we need to reexamine our often unreasonably inflexible regulations pertaining to various categories of recidivists. Also in need of revision is our penal system: we must rid it of those institutions which had been brought into our system of sanctions in the past out of ideological considerations or on a whim, without any regard to Hungarian conditions.

With respect to the Criminal Code, the section on economic crimes needs to be completely revised. This means the annulment of regulations that have lost their meaning, and the introduction of penalties for harmful behavior which in the developed market economies today is punishable with criminal sanctions.

Also in the short run we need to implement piecemeal changes in those areas where our Hungarian criminal justice system is obviously lagging behind the international standards (i.e., the use of criminal penalties to protect the consumer, the handling of computer crimes and drug use).

Our legislative tasks with respect to the penal system will be focused, on the one hand, on the organization of the penal authority, and on the other, on the legal status of the inmates. In reforming the organization our fundamental goal is to change its present status as an armed body, but we also wish to address the issue of prisoner labor by looking into ways of applying the principles of an enterprise-like economic system. With respect to questions pertaining to the legal status of the inmates we need to proceed from the basic assumption that a prison sentence is intended only to deprive the individual of his freedom, and that the inmates must not be subjected to any other kind of prejudice, physical or moral.

This is the extent to which I wanted—without aiming to present the complete picture—to inform the readers of *MAGYAR HIRLAP* about the work we have done since I have taken office, and about the tasks facing our ministry. Speaking both for myself and my colleagues I can unequivocally state that we are hopeful about the future, and that we will do the best job we can in serving our country and our nation.

Judiciary Committee Rejects Cabinet Proposal for Debate

*91CH0028B Budapest NEPSZABADSAG in Hungarian
21 Sep 90 pp 1, 4*

[Article by Andras Sereg: "Will There Be a Committee To Examine Political Responsibility? Cabinet Proposal Rejected"]

[Text] An unprecedented event occurred at yesterday's meeting of the National Assembly Committee on the Constitution, Legislative Development and the Judiciary: Representatives found that a cabinet proposal was inappropriate for parliamentary debate.

This is unusual, because during the past four and a half months since this parliament has been functioning, the Judiciary Committee has not found a cabinet proposal to be in its entirety unfit for parliamentary debate.

On Thursday, however, after three hours of debate, this became the fate of a draft National Assembly resolution concerning the establishment of a committee to examine political responsibility. Opposition parties viewed the resolution proposed by the Minister of Justice as flawed, not only from a political, but also from a legal, standpoint. Alliance of Free Democrats [SZDSZ] representative Matyas Eorsi for example expressed concern about the fact that the proposed language fails to reveal the group of persons whose political responsibility is subject to examination. The SZDSZ representative also

expressed the belief that a simple majority of a committee rendering a decision concerning the political responsibility of former leaders would be unacceptable. Association of Young Democrats [FIDESZ] representative Janos Ader, on the other hand, said that anyone even slightly familiar with the decisionmaking mechanism of the previous system will know that it would be impossible to perform the tasks assigned by the proposal to the investigative committee. It is difficult to express an opinion of course, because one may easily be blamed for helping the communists, according to Ader.

In his remarks, Hungarian Socialist Party [MSZP] representative Zoltan Gal announced that adoption of the cabinet proposal by the parliament as that institution is presently constituted, would serve as a foundation for tensions for years to come. "There is no need to establish a court of justice vested with an uncertain jurisdiction," Gal said. At the same time, however, Gal did not preclude the possibility of delegating a committee from among representatives of parties seated in the parliament, to clarify the issues that were raised.

Christian Democratic People's Party [KDNP] faction leader Tibor Fuzessy also objected to the proposal on several grounds. In his view there was no need for a factfinding committee, but for a parliamentary committee whose authority and jurisdiction is accurately circumscribed.

Justice Minister Istvan Balsai also spoke in the course of the debate. He asked the following question: "Does the parliament want to examine political responsibility? Yes or no?" In the end, the committee answered this question with a unanimous response in the affirmative. In response to a procedural motion filed by Hungarian Democratic Forum [MDF] Representative Jozsef Horvath and by Representative Ader, committee Chairman Laszlo Salamon asked the committee to vote on the issue of whether the cabinet proposal is suitable to be made a subject of parliamentary debate. By a vote of 10 for, 10 against, and 2 abstentions, the committee found the proposed resolution unfit to be made the subject of parliamentary debate. (A majority vote would have adopted the proposal as suitable for debate.)

Of interest is the fact that while most of the 10 votes against were cast by opposition party representatives (SZDSZ: 5, MSZP: 2, FIDESZ: 2) and were supplemented by the vote of one independent representative, the two abstentions were registered by Smallholders Party [FKgP] Representatives Miklos Omolnar and Janos Szabo. One could say that in this instance the position they took determined the issue.

Pozsgay on MSZP Malaise, Expected Party Alignments

91CH0028F Budapest TALLOZO in Hungarian No 37, 14 Sep 90 p 1746

[Interview with Hungarian Socialist Party [MSZP] representative Imre Pozsgay by NAP TV reporter Henrik

Havas broadcast on 7 September 1990; place and date not given: "The Beginning of Reckoning"]

[Excerpt] [passage omitted] [Havas] Forgive me for permitting myself a trivial comparison. Somehow I feel that while you, together with Gyula Horn and Matyas Szuros are recognized as outstanding politicians, the way you act in the Hungarian parliament is similar to the way the highly talented, Fradi-trained soccer player Ebedli performed in the Dozsa team of Ujpest. He was an outsider there....

[Pozsgay] The comparison is very instructive, it conveys the sense of matters. Such feelings also stir inside of me. But you know me well enough: I am no dogmatist. And this also means that I do not believe that this parliamentary creature and formation is the final form of Hungarian parliamentarism. This was not the last election in Hungarian history. On the other hand, this also means that the parties seated in parliament, including my party, may be struck by some transforming changes. Equally, I do not believe that this is the final form in which the Left appears, simply put, this only amounts to a misfortune of the left. If I may borrow an analogy from history: I may have a religious orientation, but I am not certain that I must be supportive of the church. Accordingly, I do not envision the real pattern for commitment and honorable endurance within the parties, I recognize that pattern in adhering to a principle! In other words, two sides would have a say in this matter: I must decide whether my party permits me to act according to my principles. If it does, there is only one honorable path to follow: to stick with the party. These matters have not been decided either within the Hungarian Socialist Party [MSZ], the Hungarian Democratic Forum [MDF] or the Alliance of Free Democrats [SZDSZ]. Accordingly, the events to follow will constitute rearrangements only, not betrayal.

National Security Turmoil; Reactions to SZDSZ Legislative Proposal

SZDSZ Position Explained

91CH0029A Budapest TALLOZO in Hungarian No 37, 14 Sep 90 p 1734

[Article by -farkas-, reprinted from MAGYAR HIRLAP 4 September 1990, page not given: "Target: The Former Apparatus of Division III/III; Proposal To Squeeze Agents"]

[Text] To purify democratic public life evolving in the wake of the systems change, is the purpose of a legislative proposal introduced in the National Assembly by Alliance of Free Democrats [SZDSZ] Representatives Gabor Demszky and Peter Hack. Its topic concerns the manner in which data pertaining to officers and network persons belonging to the former Division III/III of the Interior Ministry should be dealt with, according to an SZDSZ press briefing during a recess of Monday's parliamentary session.

Hack stressed that the proximity of the elections of autonomous local governing bodies also makes the proposal timely—notably the requirement to establish barriers to further political and public activities by persons who in the past acted on behalf of the organization which most clearly performed the tasks of political oppression.

We learned from the SZDSZ representatives that the proposal requires the establishment of a record regarding officers belonging to the former Division III/III, and network persons who for shorter or longer periods of time provided information to that division. Single copies of this record must be maintained by the president of the republic, the prime minister, and the National Assembly Committee on National Security. The legislative proposal particularly focuses on persons holding positions or commissioned to perform tasks which are contingent on taking an oath.

The names of such persons—for example, National Assembly representatives, ministers, state secretaries, prosecutors—should be publicized in the event that they do not resign their office or commission. This is justified to prevent possible extortion, according to Hack.

Demszky explained that 1,600 officers constituted the Division III/III staff. It is relatively easy to prepare a record of these, because their names appeared on the payroll. Preparing the list of network persons will take a longer period of time. Between 5,000 and 10,000 persons are involved.

Asked why they limited the names to be publicized to those subject to taking an oath, Hack explained that the requirement to take an oath constitutes a criterion for special public confidence in the persons named. The proposal also appeals to the conscience of the persons involved.

In any event, the act of publicizing is tied to a dense "filter," because persons "suspected" must be notified in advance, and publication of names may occur only after thorough evaluation. Representative Ottilia Solt stressed that they would regard the publicizing of any partial listing as an act of piracy. The legislative proposal will also impede the revelation of provocative fake lists of persons. At the same time Solt "cautioned" against formulating summary judgments about network persons who belonged to the Division because a number of other conspiratory networks functioned within the past system, for example in personnel offices. For this reason it does not make sense to demand that "blood be shed and that heads roll."

Are there SZDSZ members among the former network persons, it was asked at the end of the press conference. This question was raised in reference to statements which implied a "relationship" between the secret service and persons involved with samizdat publications.

"This amounts to libel with the intent to discredit persons, because none of the leaders of either the democratic opposition or the SZDSZ worked for the network," Demszky replied. In conclusion, the representative regarded as absurd a situation in which only the archives of the Interior Ministry group headquarters would preserve old documents pertaining to the secret service. Demszky viewed as absurd the idea that important information subject to monopolizing be controlled only by the governing coalition. This is why they recommended that the records also be deposited with the president of the republic and the parliamentary committee having jurisdiction.

Discord Within the Coalition

91CH0029B Budapest TALLOZO in Hungarian No 37,
14 Sep 90 p 1734-1735

[Interview with Interior Minister Balazs Horvath and Independent Smallholders (FKgP) faction leader Jozsef Torgyan by (szendrei), reprinted from MAGYAR NEMZET 4 September 1990, page not given; place and date not given: "Different Views Within the Coalition"]

[Text] Several journalists asked Interior Minister Balazs Horvath about his view of the legislative proposal submitted by the SZDSZ [Alliance of Free Democrats]. They received a surprising answer. The minister was unfamiliar with the text, thus he was unable to organize his counter-arguments. Nevertheless his response made it obvious that he did not agree with the opposition.

[Horvath] This is an opposition election trick.

[(szendrei)] The same criticism was leveled against the Justitia Plan. Is it be correct to say that anything any party does at election time will become the subject of accusations by the opposite side?

[Horvath] The Justitia Plan was discussed by the cabinet two weeks ago already. Accordingly, under no circumstances could this qualify for an election trick. I do not believe that this would be the beginning of mutual accusations in the election struggle. At the same time I would like to see—my party would like to see—the SZDSZ become more predictable. It would be nice to know their intentions. Frequently they deviate even from their own earlier ideas, as we could see in the course of the debate on the law on local autonomous governing bodies.

[(szendrei)] Is the SZDSZ contradicting itself at this time?

[Horvath] A month ago Gabor Demszky said that it was unnecessary to preserve and publicize the record established at present. The only purpose this could serve would be to start an avalanche of rumors and to crush people and personal existences. This would stir up public opinion.

[(szendrei)] Accordingly, you are opposed to debating and adopting this proposal. But what will you do if the parliament decides otherwise?

[Horvath] I respect the decisions of the National Assembly. I will implement the provisions if enacted into law.

[(szendrei)] Let us assume that the ruling parties in the majority reject the proposal. This may raise suspicions that the ruling parties agitate against the SZDSZ legislative proposal because some politicians of the governing parties are also on the list....

[Horvath] I may make the same assumption in regard to the SZDSZ, the Hungarian Socialist Party [MSZP], and all parties seated in the parliament, or even outside of the parliament.

[(szendrei)] Why would you object to publicizing the names of the associates and network people of the III/III Division after all?

[Horvath] I object on the basis of principle and moral considerations. I stressed this point a number of times before. I discussed this matter at the time I was nominated as minister, and at the time the National Security Council was established. This kind of holding to account, holding persons responsible, is not practiced in other constitutional states either. The workings of the secret service must not be subject to persecution. Nowhere are the names of persons sitting behind listening devices publicized. Personally I feel physical disgust in regard to such proceedings. I do not even want to see that list. Not to mention the fact that I am familiar with the methods by which these people were recruited, their person, their careers were crushed. [(szendrei)] Would you perhaps absolve these people?

[Horvath] I did not say that. But I will firmly state that I do not wish to present anyone to the courts on grounds of political matters. Criminal activities are something entirely different. The Carlos affair may be regarded as such.

Jozsef Torgyan, the faction leader of another coalition party, holds a view contrary to that held by the interior minister.

[Torgyan] I approve of and support the SZDSZ legislative proposal with all my heart and soul. It should be placed on the agenda as a matter of priority. I myself worked on submitting a similar proposal.

[(szendrei)] What should I make of the opposite point of view held by the interior minister who spoke earlier?

[Torgyan] We did not reconcile this issue. At present I am expressing my personal viewpoint, not the faction's position. I would imagine that the interior minister has some technical objections to the proposal.

[(szendrei)] Accordingly, you would support publicizing the secret service list and holding these people accountable.

[Torgyan] The public mood demands this.

[(szendrei)] Will we become a country of reporting and persecuting people?

[Torgyan] Every criminal act must be clarified on a realistic basis. This is what the Justitia Plan is all about, and this purpose is served by the SZDSZ legislative proposal. It was impossible to conduct political discourse in this country, everyone was condemned to paralysis, because the oppressive network of the previous political sphere covered everything. It is our duty to clarify this matter and to publicize the results.

We also tried to learn the views of MSZP representatives. Former Interior State Secretary Zoltan Gal refused to respond.

[Gal] This issue is far more complex than to permit me to grant a sudden interview. I find the legislative proposal regrettable.

Independent Representative, former head of government Miklos Nemeth also refused to answer:

[Nemeth] All I can say is that the SZDSZ proposal is a counter proposal to the Hungarian Democratic Forum [MDF] Justitia Plan. Incidentally every state in the world would develop a serious counterintelligence network.

Former III/III Chief Approves

91CH0029C Budapest TALLOZO in Hungarian No 37,
14 Sep 90 p 1735

[Interview with dismissed Secret Service Chief Ferenc Pallagi by Kakuk-Toth reprinted from KURIR, 5 September 1990, page not given; place and date not given: "Mysterious Lists"]

[Text] The former Division III/III of the Interior Ministry is once again at the center of attention. Yesterday the SZDSZ [Alliance of Free Democrats] introduced a legislative proposal concerning the secret handling of data pertaining to persons involved in internal counterintelligence with the intent of settling the fate of the Division's top secret officers and network members, and to prevent the use of such data in the political arena.

Ferenc Pallagi, chief of the secret service between May 1989 and 10 January 1990, granted an exclusive interview to our newspaper on this issue. He did so despite the fact that during the past two days he received several, mostly anonymous, calls requesting that he maintain silence.

[Kakuk-Toth] What is your view of the legislative proposal introduced by the SZDSZ?

[Pallagi] Insofar as the systems change is concerned, these issues demand a high degree of responsibility and authenticity. The situation is not clear at the moment, as a result of the systems change. I definitely support the idea that this situation needs to be settled and that guessing and allegations of suspicion must be brought to an end. Uncertainty in secret service work also threatens the country's security. I can only support the spirit and the purpose of the legislative proposal. This is so because if implemented it will provide a high degree of stability. The proposal includes only one disturbing feature as far as I am concerned. I do not believe that the president of the republic and the prime minister should be burdened with high caliber secrets which jeopardize their integrity. It would not be good to deposit the names of the past or present members and network persons of the internal security service with the two most important people in the country. The parliament should designate a tightly knit committee instead, one that would handle this data under strict secrecy. Quite naturally, this committee should operate under the full oversight and control of the parliament.

[Kakuk-Toth] Relative to the proposal, the minister without portfolio who has jurisdiction, said that it is very hard to prove who were members and employees of the service, because all noncontroversial evidence was destroyed. Would the documents you handed over on 20 January prove beyond a doubt which persons worked for the company?

[Pallagi] All data related to top secret officers, the so-called SZT officers, which clearly prove that they worked for the service, must exist. Destruction of such records is prohibited, because these are papers of documentary value. Network people, the agents, fall in a different category. In regard to these people the records provide proof; these were transferred to the Ministry of the Interior after 20 January.

[Kakuk-Toth] They still say that in the course of destroying files—an act tied to your name—certain documents which could serve as proof as to who worked for the secret service were destroyed.

[Pallagi] In the course of activities referred to as the destruction of files, but which I regard as the weeding out of files, the only documents we destroyed were those which were of neither documentary nor historical value. We did not aim for, or rather I did not aim for—because I issued the order—destroying evidence that could be held against us. After all, countless files of documentary value remained which we were not supposed to destroy. These papers still exist, or at least they existed at the time I handed them over to the appropriate branch of the Interior Ministry.

[Kakuk-Toth] The city is flooded with rumors about all kinds of lists on which the names of some members of the present political elite may be discovered. Do you know anything about this?

[Pallagi] The concepts must be clarified first. We are not dealing here with a list, and particularly not with lists, but with a filing system which contained all the data pertaining to network personnel that worked for us. I do not know what happened to this filing system after 20 January. Most certainly no one added or removed anything from that system prior to 20 January.

[Kakuk-Toth] Could it be that this filing system was transferred to the KGB, the organization with which the Hungarian secret service maintained close relations?

[Pallagi] I can firmly state that this is not the case. Division III/III, the internal counterintelligence, did not have direct contact with the Soviets. To officially hand over to the KGB a list of internal agents would have amounted to suicide, because I have no doubt, and I did not have any doubt at the time, that the Soviets would have used such a list against us.

More Details From Horvath

91CH0029D Budapest TALLOZO in Hungarian No 37, 14 Sep 90 p 1737

[Interview with Interior Minister Balazs Horvath by Peter Zrinyi reprinted from DELVILAG, 5 September 1990, page not given; place and date not given: "Three Questions for Dr. Balazs Horvath"]

[Excerpt] [Zrinyi] Mr. Minister, you impounded the files of the famous/infamous III/III Division. Is it possible that the list of names, or part of that list, will see the light of day nevertheless?

[Horvath] They began to destroy the secret service files last year, in the panicky atmosphere after the so-called Dunagate scandal involving the Interior Ministry security service. One could imagine that they destroyed the most essential files, those pertaining to the most important people—as I call them—whose pledge of allegiance was included. I am convinced that the remaining fraction of the files contains only so-called small fry. These files—I refer to them as dirty laundry—are deposited in a cellar area in sealed, armored vaults. I regard demands to publicize these as none other than an election trick perpetrated by the opposition. I ordered these documents to be sequestered for 30 years, and they will not be made public as long as I am the interior minister, unless so ordered by a law enacted by the parliament. [passage omitted]

Broader Scope Suggested

91CH0029E Budapest TALLOZO in Hungarian No 37, 14 Sep 90 p 1738

[Article by Odon Balogh reprinted from NAPLO, 6 September 1990, page not given]

[Excerpts] Many sat in the "prompter's box" during the past decades (centuries). So that they feel secure. They. Not we!

Passing on information is appropriate in the theater and at school. The same is disgusting in public life. [passage omitted]

What I have to say has nothing to do with cheating in school. Because that is a matter of student solidarity. The other kind of cheating is squealing. It amounts to betrayal.

At issue are the informers. We are talking about informers in the human community, who served the political power. The need to reveal to society the names of informers has repeatedly become an issue since a few weeks ago, and it has once again today! And yet, based on various considerations, making public these names has been delayed by highly placed persons.

I swear: I would like to know whether there was an informer among the colleagues here at the editorial office. There certainly was, according to one policeman....

There was one, but who was it?....

We may read in a NEPSZABADSAG 4 September article entitled "No Complete List Exists" that 16,500 names were included on the informers' list. Most certainly these are the big ones. One wonders how many more there could have been at industrial and institutional workplaces.

Gabor Demszky said that he regards publicizing the list as unfair because "....in certain functions the employees of party committees, party secretaries, and central committee members were ex officio obligated to provide information....As a result of this, revealing names would place non-party-member informers and party leaders at a disadvantage, as compared to leading cadres of the old system."

In my view this line of thought is mistaken! A party leader did not perform his "duty" as an informer when he provided information, instead he performed his "class struggle" function in the form of information, a matter he openly agreed to, and which was part and parcel of his profession of faith and work....And we, the ordinary people knew that he was a party leader, that he wore blinkers perhaps, and that therefore we should "shut up" in his presence! The ancient reflex of "silence is golden" began to operate.

Personal information passed on to those in power by colleagues at work—fellow human beings whom we thought of as human beings—should be condemned far more, and from a human standpoint their actions should be viewed far more gravely.

These people misled us precisely with their deceitful human faces. They acquired our confidence so that they might betray us.

For what reason should we not know who they were?

Demszky's tactic by which he would first provide an opportunity for these persons to (I quote) "question the

authenticity of the information or the documents which served as a basis of such information" is justified. This manifests a rather humane attitude. But as far as I am concerned, these names ought to be revealed at the workplace level, so that we may confront those who stole our confidence.

The fact that those who stole confidence are not penalized is characteristic of the legal order. Why did you not lock your ego into an armored vault?! Or at the minimum, couldn't you have put a lock on your mouth? Surely, the one who steals a watch from the locker room will be hauled to court. Who cares if they rob your soul, your faith?!

A letter written by author and director Peter Tomory two or three years ago comes to mind. In it he expressed apprehension to several of his confidants, claiming that they conveyed his secrets, and thereby his person to the police....If my recollection is correct, he sent a brief greeting to nine of his friends (including myself), more or less saying: "....you knew about this matter, one of you went on to convey the information. I have this to say to the one who did it: horse p....up your ass! I apologize for this vulgarity if you were not the one."

I am able to understand his bitter disappointment and despair when he wondered whether there is anyone left to trust!

Do I have to say that squealing is one of the most rotten things to do?

It is my human right, our human right to learn who abused our candor, our confidence! Because I have a very intimate message for those involved.

On Nagy, Dercze Dismissals

91CH0029F Budapest TALLOZO in Hungarian No 37,
14 Sep 90 p 1738

[Article by B. L. reprinted from NEPSZAVA, 7 September 1990, page not given: "Why Change of Personnel Was Necessary—Minister Without Portfolio Peter Boross Provides Justification"]

[Text] The former directors of the National Security Office and of the Information Office were dismissed by the cabinet. Until such time that new directors are appointed, Dr. Sandor Simon and Dr. Kalman Kocsis became acting directors. The public was able to acquaint itself more or less with the dismissed leaders, but the press did not receive more information about their successors. Dr. Peter Boross, the minister without portfolio charged with the oversight of this area, provided the indirect reasons for this lack of information. He informed this newspaper about the changes in personnel.

The two provisionally appointed gentlemen received secret service assignments, their persons do not require any particular publicity, Boross stressed, then added:

"For a while it was possible to regularly view the heads of secret services on the television screen, although this was an unusual phenomenon to say the least, in international practice."

What forum will decide on the permanent appointment of the directors? We learned that the cabinet is authorized to do so; the same body which implemented the dismissals. From an official standpoint, there is no present need to hold a parliamentary committee hearing in this regard. After the adoption of the National Security Law—it will be presented to the parliament within six weeks—appointments like these will be conditioned by a parliamentary hearing.

But if the cabinet was able to wait for three months before making these personnel changes, why did it make provisional appointments only at this time? Boross explained this matter as follows: "Actually, accomplishing this personnel exchange would have been warranted at an earlier date, but conditions only became right at this time. Not only personnel decisions were involved, a reorganization was also initiated. The new leadership needed time to obtain knowledge before such reorganization could be started. One may argue of course whether these three months were too long a period of time or too little; in any event, the fact is that the cabinet needed this much time to make these changes in the security field."

Gabor Demszky, chairman of the National Assembly Committee on National Security, expressed his view on this in a radio statement yesterday. The committee should have heard the nominees before their appointments, even though Demszky recognized that the cabinet was not obliged by law to request a hearing. Demszky pointed out that the parliamentary committee agreed with the idea of dismissing the two directors, and that the committee felt that the dismissals came rather late. At the same time however, the committee had reservations concerning the method of appointments. In providing a reason for the dismissals Demszky mentioned that both Lajos Nagy and Istvan Dercze were Moscow graduate counterintelligence agents. Thus they represented continuity in heading the National Security Office and the Information Office.

Conflict in Committee Explained

91CH0029G Budapest TALLOZO in Hungarian No 37, 14 Sep 90 p 1738

[Article by L.Z.S. reprinted from MAGYAR HIRLAP, 7 September 1990, page not given: "Demszky: There Is No Authentic List of Agents"]

[Excerpt] [passage omitted] Responding to our question concerning the legislative proposal to remove secret agents from public offices, the Alliance of Free Democrats [SZDSZ] representative [Demszky] announced that "he was unable to confirm" rumors according to which the names of 30 National Assembly representatives were on the list of agents. Demszky said that as of this

moment there exists no authentic list of agents, but an authentic filing system exists on the basis of which the list may be prepared. And what if as a result of this case some representatives, state secretaries, perhaps ministers, will be forced to quietly depart in the coming weeks? In the representative's view this would not have adverse consequences in the longer term; adverse consequences would inure if these people would stay in their places—if such people exist.

He was amazed at the claim that the MDF [Hungarian Democratic Forum] was unaware of the legislative proposal being prepared. "Since Interior Minister Horvath already broke silence concerning statements made at the 27 June closed meeting of the National Security Committee," Demszky said that the SZDSZ announced the intent to introduce such a legislative proposal at that meeting. But the SZDSZ proposal was rejected at the meeting. Since then the cabinet took no steps to weed out the agents; this is why the SZDSZ legislative proposal was introduced at this time.

Pozsgay Comments

91CH0029H Budapest TALLOZO in Hungarian No 37, 14 Sep 90 p 1746

[Interview with MSZP [Hungarian Socialist Party] Representative Imre Pozsgay by NAP TV reporter Henrik Havas broadcast on 7 September 1990; place and date not given: "The Beginning of Reckoning"]

[Excerpt] [passage omitted] [Havas] In your view, will the people's natural sense of justice come to rest if they see that those who formulated the tragic policies of the past 40 years will get away with what they perpetrated, in the final analysis?

[Pozsgay] Peaceful transition has its price! When determining this price one must figure the possibility that some persons holding great responsibility for the actions and events of the past will get away with it. Nevertheless there exists a solution. In constitutional states under constitutional conditions the solution presents itself in the form of law and the administration of justice. Whoever can be proven to have committed a criminal act, and provided that the extent of responsibility of such persons in the commission of the criminal act can be established, should receive their proper punishment. But the application of revolutionary means of uncertain value, and which are heated by political passion and invoke the people's sense of justice, may cause turbulence and anarchy in times of peace. Such actions may cause greater damage than the damage we intend to repair. This is what I find objectionable, irrespective of whether I examine under a microscope the MDF [Hungarian Democratic Forum] Justitia Plan or the SZDSZ [Alliance of Free Democrats] plan. In my view a decision should be reached as to whether we are creating a revolution or a constitutional state. As long as we are creating a constitutional state, doing so has its bitter consequences in legal theory: One must tolerate legal provisions even if they do not serve the momentary needs of one's own vantage point of power. I am afraid that in

this regard the idea of doing justice will not be the real moving force. The real moving force will be the struggle for power, the evaluation of the extent to which power is shared. [passage omitted]

Border Guard Security Service Moved to National Security Office

*91CH0028A Budapest NEPSZABADSAG in Hungarian
7 Sep 90 p 4*

[MTI Report: "Cabinet Session"]

[Excerpt] [passage omitted] The decree concerning the performance of national security functions promulgated in February, was amended to the effect that the Interior Ministry Border Guard Security Service will be transferred from the Border Guard Organization to the National Security Office. [passage omitted]

National Security Office: 39 High-Level Officers Dismissed

*91CH0028C Budapest NEPSZABADSAG in Hungarian
21 Sep 90 p 1*

[Unattributed article: "Dismissals at the National Security Office"]

[Text] Thirty-nine officers holding leadership positions at the National Security Office were dismissed effective 1 October, we learned on Thursday from sources close to the Office.

The dismissals involve officials assigned to counterintelligence and to antiterrorist activities, and are explained as part of a systems change and reorganization. Several of the persons involved are in their forties. They are put out on the street with a few months' severance pay, the exact amount depending on the number of years they served. The Office will not provide assistance to these persons in finding civilian occupations.

Several of the dismissed persons found the proceedings unfair, because all of them pledged allegiance to the Hungarian Republic. As reported earlier, the Antall administration decided to initiate a significant house cleaning effort of the secret services headed by Minister Peter Boross. This decision affects the Hungarian intelligence services. Some NATO countries raised specific objections to certain persons; these objections are being considered in the course of making personnel decisions.

Last night we asked Representative Gabor Demszky [Alliance of Free Democrats (SZDSZ)], chairman of the National Assembly Committee on National Security, whether he was aware of the dismissals.

"Minister Boross announced his decision to the committee at its closed session last Wednesday. We took note of the announcement. Our knowledge of the operations of these organizations is not sufficiently deep to enable us to express opinions in regard to personnel matters. On the other hand we are committed to ask questions from

the new directors in this regard at our next meeting. That meeting will be a hearing on the provisional, acting leaders. We will also ask questions about the principles which served as a basis for all this, and about the persons who take the places of the dismissed persons, including their preparedness to perform their jobs."

Government Security Brass Dismissed; Action Explained

*91CH0039B Budapest NEPSZABADSAG in Hungarian
28 Sep 90 p 5*

[Article by F. Gy. A.: "Government Security Guard: Six Out of Seven Leaders Dismissed"]

[Text] As we reported on Wednesday based on an MTI report: At the recommendation of the minister of the interior, the president of the republic relieved Major General Robert Recsey, the commander of the government security guard, of his duties. This took place on the occasion of Recsey's retirement, and with the recognition of his merits. Recsey assumed this position a year and a half ago.

As of today we have more information regarding this matter. We learned that simultaneously with the dismissal of the commander, five persons occupying executive positions in the government security guard—including the deputy commander—were relieved of their duties. The interior minister promised the MTI reporter that he will provide detailed information concerning this matter on Friday—including the full background of all personnel changes by then, we hope.

Interior Ministry Public Affairs Chief Eszter Szabo ruled out the possibility of mass layoffs at the Interior Ministry. Significant reorganization, organizational streamlining will take place within the government security guard, however.

"These personnel changes are not related to the car accidents in which either Laszlo Tokes, or the government security guard vehicles transporting the prime minister were involved. Nor are the personnel changes linked to the government guard who began shooting," according to Szabo. But, as she said, it is the Interior Ministry's objective to change the government security guard into a professional specialized service as a result of the reorganization, one that prevents cases like these—and particularly a number of cases like the ones that occurred recently within a short period of time. Consequently, the leaders also must be professionals, the government security guard can no longer be a "burial ground for cadres."

The press chief did not venture to guess the name of the new commander, nor was she willing to reveal who was left behind from the old leadership, and why exactly that person was chosen to retain his earlier position. According to sources close to the Interior Ministry, the interior minister plans to appoint a young, professionally well trained, ambitious first lieutenant to head the Government Security Guard.

Former Leaders of Defense Association Charged

91CH0028E Budapest NEPSZABADSAG in Hungarian
15 Sep 90 p 11

[Article by U. P.: "Complaint Filed Against Leaders of the Hungarian National Defense Association (MHSZ); More Than 3.5 Million Schillings Handled Irregularly"]

[Text] Laszlo Bajtai, the managing executive secretary of the MHSZ [Hungarian National Defense Association] filed a complaint with the Budapest Military Prosecutor's Office against retired Major General Gyorgy Keri, the former MHSZ executive secretary, and against retired Colonel Jozsef Szepesi, the former aviation chief of the MHSZ.

The complainant charges that the two former leaders violated foreign currency rules and regulations. The prosecutor's office forwarded the documents to the Hungarian central bank [MNB] foreign exchange licensing and control division.

The office of the MHSZ aviation chief maintained good relations with the Austrian Aero aviation club. The Austrians took advantage of MHSZ services offered in Hungary; they leased an airfield, purchased fuel and paid for all this in Schillings. These funds never entered the country officially, they remained in the Austrian firm's bank account. Using these funds, the MHSZ organized exchange recreational visits and trips to the West without the involvement of foreign exchange; in addition travelers to conferences and aviation events also utilized the funds. The foreign currency was also used to fund the aviation world championship event held in Bacsujhely [Wiener Neustadt]. It is likely that those traveling abroad were unaware of the fact that they used illegal funds. These amounts were not even recorded in Hungary, only the Austrian club maintained accurate accounts. According to the complaint, a total of 3,646,268 Schillings were handled in an irregular fashion.

Major Gabor Banhegyi, the deputy chief of the Budapest Military Prosecutor's Office, said that the former associates of the MHSZ were questioned in regard to the matter, and that documents filling two vaults were confiscated and forwarded to the MNB foreign exchange licensing and control division. The bank's auditors have not yet begun investigating the matter.

Paks Nuclear Power Plant Drawings Found in Cornfield

Finding Reported

91CH0031A Budapest NEPSZABADSAG in Hungarian
20 Sep 90 p 10

[MTI report]

[Text] The Hungarian and Russian language schematic drawings of the Paks nuclear power plant were found in a Hajdu-Bihar County cornfield. Weighing about two kilograms, the documents were found by a peasant

named Sandor Zagya of Sarretudvar while harvesting silo corn. The unusual discovery was handed over to the Debrecen City Police for preservation.

Paks nuclear power plant information division chief Laszlo Gyarmati said that he was certain that the documents found in the cornfield came from the Dunaujvaros plant. They were disposed of last March in the course of a records retention review. Another possibility is that the documents came from the enterprise which planned the power plant, even though records to be disposed of are usually transported in sealed packages. Power plant officials are in the process of examining the nature of the documents. They confirmed that the secret documents of the power plant are kept in an armored vault on microfilm.

Paks Personnel Interviewed

91CH0031B Budapest NEPSZABADSAG in Hungarian
21 Sep 90 p 13

[Article by H. B. J.: "Armed Guards Protect the Secret at Paks"]

[Text] Sarretudvar is very far from Paks. As reported yesterday, Sarretudvar is the place where Sandor Zagya found documents weighing two kilograms. They are the Hungarian and Russian language schematic drawings of the Paks nuclear power plant. Are there any secret documents at Paks at all, and could those documents be removed from the confines of the enterprise? We inquired at the nuclear plant.

We learned from quality control chief Ferenc Radva that in 1990 they discarded records three times; these included documents pertaining to blocs Nos. 5-8, which can no longer be used. No such documents could have been removed from the documentation center. The discarding of files takes place as follows: Between 80 and 100 packages of files are placed on a truck. This transaction is controlled by an armed guard. Subsequently the shipment is shredded at the Dunaujvaros paper mill, in the presence of the armed guard. The documents found at Sarretudvar are the construction drawings for blocs 3 and 4. According to Paks officials the documents found came from the files of one of the construction enterprises. No one is certain about these matters, all these statements amount to assumptions.

Regulatory division chief Gyula Lipovszky said that in 1989, the Paks nuclear power plant was declassified. This means that the plant is to be treated like any average Hungarian enterprise.

Mrs. Julianna Kovago Orban is in charge of protecting secrets. We asked her what kinds of secrets she was protecting. There are secret and top secret documents at the enterprise, according to Mrs. Orban. She also protects secret documents which pertain to the armed civilian guard. Secret documents could not have been

removed from the armored vault. We inquired whether she protects data that could be of interest to industrial spies.

"I am unable to judge these matters. The enterprise is guarded by armed civilian guards, and this includes the file storage rooms. In addition to the guards there are other security provisions which would render theft of files and information impossible."

'SZENT KORONA' Newspaper Controversy Discussed

Editorial Policy, Management Described

90CH0443A Budapest NEPSZABADSAG in Hungarian
1 Sep 90 pp 1, 5

[Interview with journalist Gyorgy Stoffan by Jozsef Bartha Szabo; place and date not given: "The One Who Broke Away From SZENT KORONA"]

[Text] "The paper has become irredentist, anti-Semitic, amateurish, dictatorial, unscrupulously slanderous and abusive; this was not what I wanted, and I would like to extend my apologies to the readers and all those whom the paper has offended or whose name it has misused. I wish to make personal amends to Alajos Chrudinak, chief editor of PANORAMA," said Gyorgy Stoffan, deputy editor in chief of SZENT KORONA, a paper that has earned notoriety for its extremist positions. In an interview yesterday afternoon at the editorial office of NEPSZABADSAG, Stoffan went on to announce that he would immediately quit his ill-omened post. Gyorgy Stoffan is a 33-year-old journalist.

[Stoffan] I was invited to join SZENT KORONA upon the closure of DATUM with the promise that we would start a good opposition paper. I am a devout Catholic with a religious education, and I did not see anything wrong with giving the long-oppressed followers of the Christian faith a masterfully published mouthpiece. At the time I was also serving as the chairman of the Mindszenty Memorial Committee, and bringing the Primate's remains home was another reason why I thought that it was important to find myself a forum. Then I suddenly realized that the paper was becoming unqualifiably abusive. That was when I decided also to have the authors' names printed. By doing so I intended to show that the writers themselves were responsible for what they wrote, and that the articles appearing in the paper did not necessarily reflect the opinions of the editorial board. The latest issue is already in accordance with these guidelines.

[Bartha Szabo] With your name printed right above theirs, however, you (too) share in the responsibility for the contents of the paper....

[Stoffan] Indeed, I am responsible not only for my own actions, but also for what appears in the paper.

[Bartha Szabo] How much say have you had in shaping the paper's profile?

[Stoffan] Very little, for Laszlo Romhanyi, editor in chief, has held tight control over everything. Of course, when he did not pay close attention I tried to withhold articles which I judged to be extremist and anti-Semitic. With Romhanyi on vacation, I was left in charge of editing the last three or four issues. I think the difference is noticeable. By irony of fate, it was our latest issue that has caused our differences to come to a head.

[Bartha Szabo] What had led to this open clash?

[Stoffan] The fact that without my consent, Romhanyi and his people removed two articles at the print plant and replaced them with something else. With blatantly amateurish articles of a clearly anti-Semitic tone that are not even worth discussing. That was when I first told them that under these circumstances I would not continue to stay with the paper.

[Bartha Szabo] What did you envision the "real" paper to be like?

[Stoffan] The paper bears the name of the Holy Crown. I would have liked to link it up with the Holy Crown Society, which is made up of truly qualified, educated and normal people who as historians, priests and scientists knowledgeable about the subject are able to write, read and publish. Unfortunately this vision has not materialized. I strongly believe that on the political palette there is just as much room for papers of right-wing orientation as for left-wing ones; being right-wing, however, must under no circumstances mean anti-Semitism and irredentism. I am not an irredentist, as my goal is to help bring about a united and common Europe. At the Jurta Theater—SZENT KORONA's headquarters—however, extremist parties have been making ultra-extremist statements. Their "struggle" is not my struggle! When I asked Alajos Chrudinak for his permission to reprint the ethnic segment of PANORAMA's material in SZENT KORONA, I was thinking in European terms. At that time he could not even have surmised the kind of milieu he would end up in. Romhanyi turned up the heat by ignoring my protest, and presenting the material as if Alajos Chrudinak had been one of the paper's editors. For this I wish to make special, personal amends to Alajos Chrudinak, who got into this mess unknowingly, and unfortunately with my assistance.

[Bartha Szabo] Among the methods used to publish the paper you have mentioned dictatorship....

[Stoffan] Editor in chief Romhanyi does not tolerate any opinions other than his own. He roots out differing opinions even from articles written by others. Recently the most economical way he has found to do this has been by writing more than half of the paper all by

himself. He does not feel bound by any journalistic ethic or norm. I need not even discuss his line of conduct as it is sadly and unmistakably reflected by the paper. It is useless to question him about style or grammatical rules. He often places articles in the paper written at an intellectual level that is even below that of a fifth-grade child.

[Bartha Szabo] In other words, you have been greatly disappointed?

[Stoffan] Disappointed is not the right word. My stay here has convinced me that it is not only unwise, but a downright sin to put out a paper motivated by anger, incitement and rhetoric.

[Bartha Szabo] What is the paper's current circulation?

[Stoffan] It started out with 20,000, and now it is down to 5,000; it owes the printing plant 1 million forints. This in itself should tell you a lot.

[Bartha Szabo] How would you rate the paper?

[Stoffan] It is beneath contempt. And I am telling you this with the full understanding that by doing so I am also rating myself. This paper is openly irredentist, anti-Semitic, unscrupulously slanderous and abusive, and in terms of its editorial practices and writing style amateurish. I find its content to be increasingly reminiscent of the slogans chanted by the Arrow Cross men of World War II, the unrestrained pogroms and the irresponsible demands to restore "Whole Hungary, and [realize] Heaven on Earth."

[Bartha Szabo] Your personal responsibility?

[Stoffan] I do not know how guilty I am. It is obvious that I am guilty to some extent, but by getting off of this ship perhaps I will succeed in showing the world that this is a ship of fools. I feel ashamed and embarrassed because of this. The paper confuses—obviously intentionally—freedom with taking liberties; it is not only unconstitutional but also inhumane, hence I would not be the least surprised if it were eventually banned.

[Bartha Szabo] Are things easier now?

[Stoffan] Since the breakup, yes. Of course, I feel very sorry for the paper itself, if not for its content, appearance, style and political direction. It breaks my heart, for it could have been a genuine opposition paper. I am also fully aware that with my compromising past I will not be able to find a job. No respected newspaper will employ me. I have done irreparable damage to my name. Still I do not regret my decision for I know that if I stayed with the paper I would fall into an even deeper abyss.

[Bartha Szabo] So what are you going to do?

[Stoffan] I will go back to my original profession as a waiter. This is the only decent and moral thing left for me to do.

Editor in Chief Interviewed

90CH0443B Budapest NEPSZABADSAG in Hungarian
6 Sep 90 p 8

[Interview with Laszlo Romhanyi, SZENT KORONA editor in chief and director of the Jurta Theater, by Peter Matyuc; place and date not given: "By 2000, Romhanyi and His Allies Plan for a Bloodless Assumption of Power; SZENT KORONA Editor in Chief Denies His Deputy's Serious Allegations"—first two paragraphs are NEPSZABADSAG introduction]

[Text] In an article, entitled "The One Who Broke Away From SZENT KORONA" which appeared in our last Saturday's issue, the former editor in chief of the paper SZENT KORONA, Gyorgy Stoffan, described the paper for which he had worked until last week as irredentist and anti-Semitic. We have asked Stoffan's former boss, Laszlo Romhanyi, the director of the Jurta Theater and editor in chief of SZENT KORONA, to comment on his former deputy's statements.

The editor in chief did not render his response alone. NEPSZABADSAG's correspondent was informed jointly and unanimously at the Jurta Theater by representatives of the parties and organizations of the National Christian Union.

[Matyuc] What is your opinion about the allegations made by Gyorgy Stoffan?

[Romhanyi] It is our basic duty to clear up any misunderstandings that might have arisen in connection with the libelous attack published last Saturday. Gyorgy Stoffan is a rather capable pen-pusher for hire, who upon the folding of DATUM had begged us to take him in. There is no way for him to know anything about our plans and ideas, for he was never allowed to attend a single meeting of either the National Union of Christians, or the National Alliance of Hungarians. It is regrettable that NEPSZABADSAG gave front page coverage to statements made by a political adventurer of his caliber, who had obviously entered our ranks as an agent provocateur. Many will attest to the fact that Stoffan is a primitive political being who has often made anti-Semitic and anti-Gypsy remarks. NEPSZABADSAG—true to its party-state controlled past—committed an enormous blunder by allowing the publication of the statements made by this political dilettante. Stoffan, incidentally, owes several hundreds of thousands of forints to the Jurta Theater, and has used Jurta's money to publish his brochure, entitled "....Where a Nation Has Gone Down...." He gives perfect evidence of his two-faced character in the last paragraph of his letter of notice, in which he writes: "Should my services be needed, I will continue to take part in editing the paper, and I wish to continue to publish articles in the columns of SZENT KORONA, as I more or less subscribe to its philosophy.

[Matyuc] What do you say to the charges of irredentism and anti-Semitism?

[Romhanyi] There is no question that articles leaning towards anti-Semitism have appeared in SZENT KORONA. Our aim, however, is to break with feudal journalistic practices, and to provide a forum for various opinions and counter-views. We do not believe that our paper is irredentist, nor do we consider ourselves to be. The parties and organizations that make up the National Christian Union unanimously believe that the issue of Trianon—which remains an open wound on the nation's body—must be resolved peacefully, by way of negotiations. Our vision is to make Transylvania an independent state, give Hungarians in Slovakia the right of self-determination, and to settle the status of sub-Carpathia. We cannot talk about chauvinism and irredentism as long as we continue to witness the kind of anti-Hungarian incidents in the neighboring countries that occur day after day. Territorial settlement in Central Europe is a fundamental condition for creating a unified Europe.

As to the charge of anti-Semitism, I would only say that it is spread by those Jews who under the former system committed something wrong and are now trying to escape from the responsibility of having to account for their actions. Even if it means presenting themselves as victims of anti-Semitism.

[Matyuc] You are talking about an important extra-parliamentary political entity here. How many people are behind you and your ideas?

[Romhanyi] We have a great many supporters. Everyone whose lives are getting worse daily will sooner or later recognize our importance. The MDF [Hungarian Democratic Forum] will govern through the four years—unless it is overthrown by an SZDSZ [Alliance of Free Democrats] coup—however, it will not be victorious in the new elections. The SZDSZ, which represents a political trend that may be described as downright anti-democratic, will not stand a chance in the next elections, which is when the people will recognize the importance of those whose hands have remained clean. Believe me, by the year 2000 we can assume power without any bloodshed.

[Matyuc] Does the paper accept any money from abroad?

[Romhanyi] For now, it does not. However, we already have a Hungarian among us from Toronto, who if it were legally allowed would be willing to give money to our paper. Relying on its own resources, SZENT KORONA has already become one of the most widely read Hungarian papers in the land of the Seklers, and has had a wide circulation in Hungary as well. But as long as we are on the subject of money, I would like to mention that at our meeting this afternoon we will be discussing a proposal aimed at improving our country's economic situation. Over the next three years, the proposal hopes to invite nearly 5 billion dollars' worth of technology.

[Matyuc] On several occasions, Gyorgy Stoffan has referred to your paper and editorial staff as a bunch of amateurs. Is there any basis for this charge?

[Romhanyi] Sitting around this table are people who—as you yourself can ascertain by reading SZENT KORONA—have proven time and again that the former system was incapable of functioning, and have directed people's attention to such real problems as the purity of democracy, the threat of return to the old system, and blacklisting. These problems continue to threaten our young Hungarian democracy. It is not by accident that they are trying to remove us from the political scene with the help of undercover agents. Of people like Stoffan. It is our patriotic duty, day after day, to discuss these problems, and that is what we do. For 40 years, including today, this place—the Jurta Theater—has been a suppressed and silenced forum of banned intellectual forces. Sadly there are still not enough forums like ours which is why such Hungarian-minded, value-conscious and outspoken people like Jozsef Torgyan are exposed to constant attack. And one cannot help but ask Balazs Horvath: On what grounds, and on whose authority have they begun an investigation against Laszlo Romhanyi, a prominent member of the National Christian Union and editor in chief of SZENT KORONA? Why is he accused of incitement against the people, and why is the notorious Dr. Attila Kovacs, whose name has come up before in connection with other political trials, been put in charge of the investigation?

We believe that we owe it to our readers to help them familiarize themselves with groups who whether we like it or not are players on today's political scene. Hopefully, the views expressed above will provide the reader with a glance into the inner world of these political entities. There is hardly a need for us to engage in a debate with Mr. Romhanyi and his colleagues about NEPSZABAD-SAG's or anyone else's standards of quality, or about who should be held responsible for what.

[Box, p. 8]

(SZENT KORONA commentary entitled "After Marosvasarhely")

"Let us not insult the magnificent and highly advanced Asian peoples by describing the behavior of the Romanians as Asian behavior.

"Let us not insult the beautiful Balkan country of Greece and the selfconscious Greek people by describing the behavior of the Romanians as Balkan behavior.

"The barbarian Romanians behave like Romanians. They do so now, just as they did in the past.

"After Marosvasarhely [Tirgu Mures] the behavior of the pitchfork-toting and axe-yielding murderers, the relentless kickers of the helplessly lying wounded, the unrestrained hitters of the elderly and the young, the goons who bludgeoned an eight-year-old to death with an axe,

the knifery, the barbarian destroyers and primitive ruffians, can henceforth be described as follows: they have behaved like Romanians."

[Box, p. 8]

(Excerpt from a Gyorgy Stoffan article entitled "Jewish Course in Hungary?")

Here is what they wrote about the statue, entitled "East:" "It depicts chief Csaba, the embodiment of ancient Hungarian power, who awaiting the moment of retribution, is about to free the figure symbolizing shackled Transylvania as it holds unyieldingly onto the coat of arms of that region."

"The church and some of the parties are protesting tooth and nail against laying down a Christian, or to be more precise, a Catholic course in Hungary. At the same time, they are talking louder and louder about the strengthening of anti-Semitism, which if they had not raised the issue no one would have thought of making it one. These two things can only lead one to conclude that there is an organization suppressed or purposely relegated to the background, laying the foundation for a conceptional 'takeover of power' by the Jews. As a devout Christian I am concerned that there are certain religious and ethnic forces that consider our country and the exercise of power over it to be free for the taking."

[Box, p. 8]

(Excerpts from the responses given to Tibor Hollauer in the radio program "168 Hours," by Lieutenant Colonel Imre Bartos, member of the committee to rebuild the Trianon memorial)

"What incredible irreverence it took to tread down the flag which is so sacred to all Hungarians, and to build in its place a Soviet monument! If they had not torn it down so disgracefully, it would still be a soaring symbol like the mythical eagle in many places. If we are not allowed to erect this monument ensemble, then by the same logic we should also destroy all eagle statues, for those too may be perceived as disturbing to someone. Moreover, we should blow up the holy crown, tear down the parliament building on the grounds that at one time laws were enacted within its walls that have proven to be catastrophic for the country."

POLAND

Order Details Internal Ministry's Activities

90EP0886B Warsaw DZIENNIK USTAW in Polish
No 49, 27 Jul 90 pp 669-671

[Executive Order, Item No. 287, of the Council of Ministers dated 16 July 1990, governing the detailed range of activities of the Ministry of Internal Affairs]

[Text] Pursuant to Article 2, Paragraph 2, of the Decree of 6 April 1990 on the Office of the Minister of Internal Affairs (Dz.U., No. 30, Item 181), the following is hereby ordered:

Paragraph 1. The scope of activities of the Minister of Internal Affairs includes:

1. In the sphere of protecting of state security:

a) Initiating and coordinating activities intended to protect the fundamental political and economic interests of the Polish Republic and outlining the directions of counteracting perils to the security, defense, independence, and integrity of the state.

b) Creating conditions favorable to the prevention and detection of crimes of espionage and terrorism and other major antistate crimes, as well as prosecuting their perpetrators.

c) Exercising general supervision over the activities of the Office for State Protection, and in particular:

—Monitoring the activities intended to identify and counteract perils to the security and legal order of the state.

—Evaluating the status of national security and outlining directions of action in that respect.

d) Presenting to the Chairman of the Council of Ministers information on the state of national security and the activities of the Office for State Protection.

2. In the sphere of protecting the safety of citizens and public security and order:

a) Identifying directions of action and coordinating measures intended to assure protection against lawless assaults on human life and health and the material and cultural accomplishments of the society, as well as maintaining public order.

b) Creating conditions favorable to the prevention of crime and its causes, and defining the rules for the related cooperation with local bodies of the general government administration, local self-governments, and social organizations.

c) Exercising general supervision over the activities of the Police, and in particular:

—Monitoring the activities intended to protect life, health, and property, as well as activities intended to safeguard peace in public places, means of transportation, and road traffic.

—With respect to the granting of weapons permits.

—Evaluating the status of public security and order and combatting crime as well as outlining the related directions of action.

d) Reporting to the Chairman of the Council of Ministers on perils to the safety of citizens or on dangerous

disturbances of public order, and presenting appropriate proposals—in accordance with the guidelines provided in separate regulations.

e) Deciding in cases brooking no delay, on the recommendation of the Commanding Officer of the Police, to use armed units or subunits of the Police, upon immediately notifying thereof the Chairman of the Council of Ministers—in accordance with the guidelines provided in separate regulations.

f) Reporting to the Chairman of the Council of Ministers on the state of public security and order and the activities of the Police.

3. In the sphere of protecting the state frontier:

a) Creating conditions favorable to an effective protection of the state frontier.

b) Determining the guidelines for efficient and effective frontier control and prevention of acts of terrorism at frontier crossings.

c) Exercising general supervision over the activities of the Frontier Guards, and in particular:

—Monitoring the implementation of tasks ensuing from international agreements on legal relations at state frontiers and the activities of frontier representatives.

—Participating in the protection of national security in the Polish sea zone.

—Cooperating with the Minister of National Defense as regards the inviolability of the state frontier in the airspace.

—Evaluating the status of the protection of the state frontier and outlining the related directions of action.

d) Reporting to the Chairman of the Council of Ministers on the status of the protection of the state frontier, frontier traffic control, and the activities of the Frontier Guards.

4. In the sphere of fire safety:

a) Coordinating the measures intended to streamline fire safety, to the extent defined in separate regulations.

b) Defining the principles for cooperation between fire departments and local agencies of the general government administration, local self-governments, and social organizations.

c) Encouraging studies and research into a systematic elimination of fire hazards.

d) Exercising general supervision over the organizational units of fire safety, and in particular:

—Assuring the conditions for a proper selection, training, and equipping of fire safety personnel.

—Refining the fire control systems.

—Evaluating the status of fire safety and outlining the related directions of action.

e) Reporting to the Chairman of the Council of Ministers on the state and safeguarding of fire safety.

5. In the sphere of administration of internal and socio-administrative affairs—the exercise of duties specified in separate laws and implementing regulations, and the exercise of the related powers, concerning:

a) Vital statistics registries, name and surname changes, keeping of population and identity document records, and the formation and development of the National Electronic Identity Monitoring System.

b) Granting foreign travel permits.

c) Polish citizenship.

d) The rights and duties of the foreigners sojourning on the territory of the Polish Republic, and the keeping of the pertinent records.

e) The rights and duties of citizens relating to the national defense duty.

f) Associations, assemblies, public gatherings, and badges and uniforms.

g) Granting permits for economic activity [private enterprise] relating to protection of property, investigative and passport services, and the production of and trade in weapons, ammunition, and explosives.

h) Permits for the acquisition of real estate by foreign nationals.

6. In the sphere of petty offenses—the exercise of oversight of mandatory proceedings concerning cases of petty offenses submitted to the jurisdiction of the community courts attached to district courts.

7. In the sphere of the protection of state and official secrets—coordinating the organization of the protection of state and official secrets and of the measures to effectuate adherence to these secrets, on the principles defined in separate regulations.

8. In the sphere of eliminating the consequences of natural disasters—coordinating the measures to provide protection and restore order and the rescue activities intended to eliminate the consequences of natural disasters and other dangerous events imperiling general security, according to guidelines provided in separate regulations.

Paragraph 2. The scope of activities of the Minister of Internal Affairs also includes:

1. Protection of the personnel and sites of foreign diplomatic missions and consular offices, as well as of other foreign missions entitled to privileges and immunities by virtue of law and international agreements and customs.

2. Keeping the public informed about the activities of the Ministry of Internal Affairs and cooperating to this end with the mass media.

3. Cooperating, within the ministry's scope of competences, with other state agencies and with local self-governments concerning the protection of civil rights and liberties.

Paragraph 3. The Minister of Internal Affairs also exercises duties relating to:

1. Improvements in the internal organizational structure of the ministry and the promulgation of legal acts within the scope of the ministry's competence.

2. Determination of personnel policy and attending to appropriate recruitment.

3. Organization and supervision of regular and advanced training for ministry personnel.

4. Sponsoring of research and civic measures taken to combat crime, and coordination of activities relating to technology development within the ministry.

5. Implementation of mobilizational-organizational and defense measures pertaining to the ministry and of other defense-related tasks ensuing from the regulations governing national defense duty.

6. Organization of cooperation with state organizational units with the object of accommodating the scope of their production to the needs of the agencies under the jurisdiction of the Minister of Internal Affairs as regards manufacturing, services, and the supply of the equipment required by these agencies to accomplish their objectives.

7. Exercise of technical supervision over construction as regards internal safety, and also of supervision over fuel and energy management.

8. Other matters defined in separate regulations.

Paragraph 4. This Executive Order takes effect as of the day of its publication.

Chairman of the Council of Ministers: T. Mazowiecki

Correspondence of Police to Military Rank Established

90EP0886C Warsaw *DZIENNIK USTAW* in Polish
No 48, 26 Jul 90 p 667

[Executive Order, Item No. 285, dated 11 July 1990, governing the designation of police rank corresponding to military rank]

[Text] Pursuant to Article 47, Paragraph 3, of the decree of 6 April 1990 on the Police (Dz.U., No. 30, Item 179), the following is hereby ordered:

Paragraph 1. The military ranks named below correspond to the following police ranks:

Military	Police
General of arms and division general	General inspector of the Police
Brigade general	Senior Police inspector
Colonel	Police inspector
Lieutenant colonel and major	Assistant Police inspector
Captain	Chief Police commissioner
Lieutenant	Police commissioner
Junior lieutenant	Assistant Police commissioner
Senior staff ensign, senior ensign, junior ensign	Police subaltern
Master sergeant, staff sergeant, senior sergeant	Police senior sergeant
Sergeant, platoon leader, senior corporal, and corporal	Police sergeant
Private first class	Senior constable
Private	Constable

Paragraph 2. This Executive Order takes effect on the day of its publication.

Minister of Interior Affairs: K. Kozlowski

YUGOSLAVIA

High Score for HDZ in Croatian Poll

90BA0324B Zagreb *DANAS* in Serbo-Croatian 4 Sep 90
pp 24-26

[Article by Dejan Jovic: "Collapse of the Opposition"]

[Text] Four months after the April elections in Croatia, the highest degree of homogenization was achieved that has ever been shown to date by any of the public opinion polls regularly conducted by a *DANAS* team using a representative sample of the adult population of Croatia. The new unity has been achieved with respect to the political positions of the authorities, while the opposition has been almost cut in half. It is not just that, as Josip Zupan says, the main opposition party has withdrawn into a new "Croatian silence," without even knowing how many deputies it has, and much less how many people still consider themselves its members; now it has already lost 60 percent of those who voted for it in the April elections.

Whereas at the end of June 72 percent of the SKH-SDP [League of Communists of Croatia-Party of Democratic Changes] voters said that they would vote for its candidates again, and in July that percentage was 54, now somewhat less than 40 percent of its adherents at that time would repeat their April votes. An organization that until half a year ago had the trust of the largest number of members and the strongest political apparatus in Croatia is thus withering away with marked speed before the eyes of the public.

**Number of HDZ [Croatian Democratic Community]
Voters Who Remain Faithful to Their Electoral Choice**

June	94%
July	89%
August	97%

**Number of SKH/SDP Voters Who Remain Faithful to
Their Electoral Choice**

June	72%
July	54%
August	40%

This month as well, there was a particular "collapse" of the trust of Croatian Serbs in the SDP—now only one out of five Serbs who voted for it then would repeat his vote. A third of the voters of Serbian nationality who voted for the SDP then would now vote for the SDS [Serbian Democratic Party], and only a few percent less state that they would not vote for anyone. Consequently, no "positive alternative" is seen yet for almost 30 percent of the former Communist adherents, who are now left without a party of their own. Almost 11 percent of them would vote for the HDZ today.

This confirms what seemed at one time to be overly strong assessments regarding the virtual disappearance of the parliamentary opposition in Croatia, its downfall and its foundering. For the time being, however, one cannot clearly see who could take over the leadership in the leftist opposition outside the Assembly, because Markovic's party mostly remains an unknown factor, almost no one considers the socialists a suitable alternative, and dissatisfaction with the government of Croatia is expressed primarily as political apathy, and only afterwards as political action.

Conflict on the Left

The findings of this public opinion poll indicate the accuracy of the assessment that today Tudjman would probably receive more support than during the last elections. In times of difficult trials, 97 percent of the voters at that time have remained faithful to their party, but they have now been "reinforced" by 11 percent of the former Communist adherents and 35 percent of the former Coalition voters.

In fact, this month the Coalition is sensing its virtual demise for the first time, and so a greater surprise will be the fact that 45 percent of its former voters would remain faithful to it in elections today; that is a higher percentage of loyalty than shown by the adherents of the Party of Democratic Changes.

This month has also shown the first interruption in the growth of the postelection chances of the Croatian Democratic Party. Its possible adherents are now also opting for the policy of a unified bloc of the "Croatian parties," confirming the long-standing tradition that the leftist

opposition is its own biggest problem. It is well-known, in fact, and not just in our situation and in these times, that the left has always had its most bitter conflicts with its own factions—Communists against Social Democrats, Socialists against Communists, and "reformers" against "conservatives." That conflict on the left has happened before, and all of that "straying" has put the strongest opposition party into a situation of dissipation, which is threatening its complete disappearance.

Today, two thirds of the members of the SKH-SDP would vote for their party. This also confirms the previously noted fact that there are that many disciplined Communists within the SDP. Of those who would not do so, 13 percent would now vote for the HDZ. Conversely, there are no HDZ voters who would change their electoral decision today to increase the political power of the SDP.

Of the three largest ethnic groups in Croatia, Yugoslavs are today those most caught by surprise by the policy of the Republic's parties, and so 44 percent of them today have decided that they would prefer to "flee" from any electoral commitment. Although many of them are completely unaware of what sort of program is being presented by Markovic's Alliance of Reform Forces of Yugoslavia, they nevertheless opt primarily for that party, and also partly for the Party of Yugoslavs. Such an orientation actually confirms the high reputation that has put the federal prime minister at the very top of the scale of popularity among citizens of Yugoslav ethnic identity. It is interesting that five percent of the respondents with Yugoslav ethnic identity explain that now they would prefer to give their votes to the liberals.

Among Serbs, the SDS was for the first time the party most often chosen. As a result of the ethnic unification on both sides, the Serbs are also deciding to link their positions with the positions of those for whom they did not vote in the April elections. A third of the Serbs in Croatia have now changed their minds, and have "gone over" to the SDS, but almost as many are disillusioned with all the parties. It should be noted, however, that the Croatian Socialist Party-Party of Yugoslav Orientation, which one can assume could be a more acceptable answer for many people in that apathetic third, had not even been founded at the time of the poll. The results obtained indicate here as well the strong influence of the Knin events upon political orientation, favoring both the ruling party and the SDS. While last month there were only four "deserters" from the body of SDP adherents to the SDS, that percentage is now almost eight times higher. While just a month ago only nine percent of Serbs had changed their voting position, and so had left the SDP to become SDS supporters, that percentage is now three times higher.

The fact that these processes of dual ethnic unification of the political scene in Croatia are not caused solely by the confusion of the opposition is indicated by several other possible reasons. The ruling party, emphasizing the Knin situation, and obviously very successfully, succeeded in

halting public opinion trends that were negative for it, and had been manifested with respect to certain government policy measures (a negative attitude toward the pay raises for administrative employees and the initiative for the formation of volunteer units, and finally, the ruling party's loss last month of 10 percent of its former adherents, according to our polls), and succeeded in obtaining the agreement of almost all the opposition parties. The very statements of support "not only for the system but also the authorities" (as Ivica Racan said), which only two-three parties did not sign, mean unification around the government measures, and a (temporary) halt to criticism from the opposition. After that, the opposition naturally had to abandon some of its votes among the public to the ruling party, which was presented as the chief keeper of the keys of Croatian sovereignty.

Influence of Television

How do you assess the political news program on Croatian TV?

It is more objective (better than before)	61%
I do not see any essential changes	18%
It is not objective (worse than before)	15%
I do not watch the TV program	4%

That unification, however, was produced partly through the exploitation of influential public media, which were brought under control by the new authorities through the recent change, especially at Croatian Television. The uncritical nature of public opinion can also be seen in the fact that 61 percent of the respondents said that Croatian Television's political news programs were now more objective and better than before those changes. The 16 percent who spoke critically about television, however, obviously could not forget that the television news program did not broadcast a single openly critical commentary on the new authorities, and that (especially at the time when the poll itself was being conducted) it did not even conceal its "double standard" with respect to the authorities and the opposition. Of course, the assessment of television's objectivity was again determined by ethnic criteria—73 percent of the Croats agree with five percent of the Serbs and seven percent of the Yugoslavs in a positive view of television's political news programs. Television is considered objective and "better than before" by 92 percent of the members of the ruling party, and 29 percent of the members of the main opposition party. Former SDP voters were much more critical of television: while their members usually "did not see any fundamental changes" (44 percent), their voters think that television is not objective (42 percent). Positive evaluations are given more frequently by older citizens than by younger ones, by men than by women (four times more of them, however, state that they do not watch the television program). Naturally, one should also note comments written in along with the answers

selected, which partly explain the sources of dissatisfaction—television is "one-party," "church-controlled," "ethnically exclusive," and "insulting to those who did not vote for the HDZ."

The results of this poll, however, will not be properly interpreted unless we mention that television was also evaluated favorably in the very month of the elections, when the changes had not been made, and when the contents of the broadcasts were mostly different than they are now. In April, we showed that most citizens thought that it was objectively and impartially covering the election campaign. That demonstrates the great "trust" of the television audience for what it is shown on television. That is why television, as the medium with the greatest political influence, even in a situation in which the uncritical attitude of the public has been demonstrated in several ways, is naturally "responsible" for such a degree of "bipolar unification," which was also reflected in the marked cohesion of positions within the boundaries of ethnic affiliation.

In the President's Shadow

Who has the most political power in Croatia?

President	30%
Assembly	23%
Government	19%
Presidency	17%
Someone else	10%

At any rate, that function of the most influential medium's political news program is also shown in analyzing the responses to the question, "Who in Croatia has the most political power?" Thirty percent of the respondents answered, "Franjo Tudjman," and another 17 percent chose the presidency that he presides over. If one adds to that another 19 percent who attribute the most power to the government, it is not difficult to conclude that almost three fourths of the respondents see the dominant power as lying in the executive bodies. Next, 23 percent chose the legislative authority, embodied in the Assembly. That, of course, means that in the public awareness the Assembly has not proven itself as a place for crucial decisionmaking; for the most part, this confirms similar experiences of modern democratic systems. In fact, it is difficult to find a political system in which the citizens see any fulfillment of the constitutional definition of the people (represented in a democratically elected parliament) as the holder of all authority. That is particularly true in systems that are quite like two-party systems, in which one party has a virtually guaranteed parliamentary majority throughout its entire term. In order to increase the influence of parliament on politics, in such systems parliament is in permanent session, and so it would be interesting to see how the amount of power would be perceived if such a parliamentary practice were also established here. Our poll suggests to us, however, that are many indications of

an abandonment of parliamentary "two-partyism," verging on a political practice in which one party has a parliamentary monopoly over political decisionmaking, regardless of the rest.

The results of the poll show that Franjo Tudjman has won a special position for himself, overshadowing both the Assembly and the government in public perception. The fact that most of the respondents think that the president of the Republic has concentrated the greatest power around his own role can partly be explained by his more frequent appearances during dramatic moments of the Knin events, in which he was accompanied by the prime minister, but not by the president of the Assembly. One also should not forget that during the days of uncertainty there was criticism of the Assembly leadership for not convening a session of Parliament, until the proposal by the presidency and the government that it do so. One should not forget, however, that Tudjman has built the image of a person who is not a temporary ruler, and his colleagues have stated several times that the HDZ's electoral victory ("without a drop of blood, if that is possible,") was a real "miracle." Part of public opinion, of course, was also not indifferent to the statements by Tomislav Duka, who said that "God has given us two men—first Gorbachev, and then Franjo," and it could be expected that after the opening of the European athletic championship, such exclusivism on the part of the president of the Republic strengthened the conviction that the power was located around his office.

It is interesting that there are not huge differences among respondents from the three largest nationalities in

Croatia in perceiving the most power. The sole exception is 16 percent of the Serbs, who state that the largest amount of power is not concentrated in any of the institutions cited, but rather somewhere else. But on the other hand, the Serbs see the least amount of power in the Assembly—probably under the influence of the SDS's negative position on the Assembly discussion; only four percent of them chose the legislative authority. SDP members think completely the opposite—they believe more than the others in the Assembly's strength, although on several occasions it has shown itself to be "inflexible" with respect to the demands of the Assembly minorities.

Next, those who state that the power is "somewhere else" have three types of messages—some of them repeat the ideas published a few days before by a newspaper editorialist that these are "savage peoples" and so attribute the most power to "savages" and "barbarians." A similar list of insulting names also includes those who note the power of the "(komunjari)" [pejorative for communists], and it is interesting that both ethnic groups can write that the power is in the hands of the SDS, its president Raskovic, or the entire Serbian people, and even Slobodan Milosevic.

Another group of "write-ins" asserts that power is situated in the Yugoslav state leadership, the Yugoslav National Army, the SFRY Presidency, the "reform forces of Yugoslavia," the "federal bodies," or simply—in Yugoslavia.

Finally, the third group consists of utopians—to them, power is concentrated in the people.

BULGARIA

Conversion of Military Industry Reviewed

90BA0309A Sofia IKONOMICHESKI ZHIVOT
in Bulgarian 22 Aug 90 p 3

[Article by Eng. Col. Aleksandur Khekimov: "Conversion: Defense Economics; We Think One Thing, It Turns Out Something Else"]

[Excerpts] Until recently many things were taboo, arbitrarily determined by unjustifiable distrust, secrecy, and pseudoconcern for defense of the highest state and party interests. One of these taboos was how much the organization of his defense cost the Bulgarian, how effective the military-industrial complex was, and how it accommodated to civilian production. But however wisely the army itself spent the government funds, the budget wasn't very liberal to the military.

To the extent that we create an opportunity in respect of these questions for discussion and public control, the greater we can hope the benefit will be. Otherwise, wherever there are curbs and mystery, lack of control flourishes and wasted money flourishes likewise. We have written on this topic to some extent in previous issues; we now present the next material in the series under this heading. [passage omitted]

For the same reasons a flow line costing 3 million foreign-exchange leva was not put into operation after its assembly but was mothballed. Orders for the production of special products by the former Metalkhim Economic Trust declined by 35 percent in 1989, and the bottom-line profit declined 47 percent from 1988. All the combines within its structure began to limit their production appreciably.

The subjective approach applied in determining the structure and staff led to neglect of the economic and technological requirements of production. The subcontracting and production relationships, created at the cost of much effort and time, collapsed. Managements had no opportunity to rechannel resources from the production of special products into civilian ones. Thus, for example, the Beta Firm in Cherven Bryag was set up for a 2.2 percent volume of civilian production, the Ozont Firm in Sofia for 15.6 percent, and Metalkhim in Sopot for 15.5 percent. By way of comparison, we must say that U.S. firms constantly maintain from 30-to-40-percent military production. The Encho Staykov Combine in Lyaskovets, with no economic justification or advantage, was attached to the Vamo Firm in Varna, and subcontracting production is hardly some 7 percent of its commodity output. This is why, in these cases, conversion is proceeding with extreme difficulty, at a slow pace and at a high social cost.

Action and Risk-Taking Necessary

The firms' indebtedness to the banks continues to be great, and this gives rise to serious financial difficulties.

Whereas before 1988 they were some of the greatest sources of the foreign exchange brought into the country, all of a sudden they have become debtors. The Pima firm in Mikhaylovgrad, with charter capital of 33.6 million leva, has debts in the amount of 85 million leva, while the Ozont firm is not in a position to technologically update its production capacities. The debts, spread among the firms, are not apprehended by their managements. And to these there must be added some 60 million leva not yet clarified. Some firms have referred complaints to the Supreme Court for decision.

The discriminatory tax policy pursued against them has now compelled them also to obtain sizable credits for capital investment and for other production needs. More than a year has elapsed since the creation of the firms, but the partitioning protocols have still not been signed. This, however, does not prevent the Bulgarian National Bank from collecting liquidating fees. These questions have been raised with the government over and over again, but likewise there has been no overall decision. Some economic abatements made recently partially solve the great problem.

The national and the firm programs, adopted this year, for the conversion of special production have a number of shortcomings. Characteristically, they have defects from the past—more statistical and less economic substantiation. Science plays a symbolic part in their formulation. What is lacking is a thoroughgoing analysis of the markets and of world achievement, of the financial situation, of democratic and social processes, of the transition to production of civilian output. The products provided for in the national program are mandatory for the firms, but there is no full guarantee of their salability. A significant shortcoming is that the obligations of the Ministry of National Defense and of other ministries and departments are not concretized. The oversight commission, created in the Ministry of Economics and Planning in 1989, has not been able to solve a single major problem.

Conversion is, above all, a matter for the managements of firms and, to a certain extent, of the central departments. Their financial condition and their work and management style that has evolved over many long years prevent the managing councils from taking risks and getting investments from the banks for new production processes. The continuing guardianship by higher administrative agencies and the manipulations with the membership of some managing councils of the firms introduce additional tension and a reduction in the efficiency of the economic activity.

Using unclarified precise defense needs of the country, some firms' managers place into the mobilization reserve superfluous machinery, equipment, and technological gear, including those procured as a result of faulty planning. This places an additional burden on the country's budget. Unused capacities exceed 350 million leva, while unused supplies and raw materials that are not finding application in civilian production are worth over

390 million. The finished output in warehouses for which no markets are assured is worth hundreds of millions of leva.

Foundation Has Been Laid, but Further...

The efforts of firms' managements are now directed toward filling up production plans with traditional production processes, with their own developments, and with subcontracted items with the assistance of the USSR and Western partners. Pushed will be textile, farm, transportation and construction machine building; equipment for the food, wine, and tobacco industries; laser, medical, and fire-fighting equipment, and so forth. Subcontracting relations have been placed on a good foundation with Swiss, Yugoslav, West German, Spanish, and Soviet firms for items such as bulldozers, front-end loaders, containers, mills with microprocessor control, miniaturized equipment, parts for passenger cars, and so forth. A fundamental shortcoming in the collaboration is the low degree of resource and hard-currency backup. Ignorance of the markets results most frequently in the acceptance of low-technology, low-competition, and highly materials-intensive subcontracting relationships.

To strengthen the firms financially and to provide a Wage Fund, structural changes are being made and so-called lifesaving items are being introduced, mainly for the domestic market. In 1988, 45 significant items were introduced, and, in 1989, 160, with several barter deals likewise concluded.

From analysis of the annual plans during the last three years, it can be seen that civilian production's share rose from 23 percent in 1988 to 36 percent in 1989. In 1990 the plan is to reach 65 percent. Several firms have had considerable growth, but against a lower base of comparison.

This year several firms will increase the production of civilian products, while others such as Beta, Pima, and some combines of the Elektron Firm in Sofia, which have a low volume of civilian production and are in an unsatisfactory financial condition, will be in danger of adverse social consequences.

Up to the present moment, 13,706 persons have been dismissed or have quit at their own request, and over 6,000 have requalified. The central funds for personnel requalification were made available to regions, whereby additional difficulties were created.

Significant tax levies, amounting to more than 75 percent, are causing deterioration of the situation and holding back development of the new production processes. The changeover to the new pay system is likewise being impeded, and social conflicts are still arising. This was one of the fundamental reasons for the strikes of the work forces in the combines of the Elektron firm in Varna and Pleven.

Last year some firms and combines provided personnel pay with bank credits, and foreign trade organizations that were exporters of the former's output redistributed considerable amounts from the resulting balances into their own wage funds. Requests to quit the firms were submitted to almost all the leading combines, plants, and workshops, and the good workers and specialists have already left.

Scientific work and payment therefore have not been tied in with concrete targets, deadlines, and results. The effectiveness of developments does not guarantee the scientific units the means of livelihood, and, for this reason, production workshops have been included in their structure. The necessary organizational activity is not being conducted to ensure the scientific workers' personal concern as a function of the quality of their developments and the salability thereof in the market.

All the above-mentioned trends in specialized production go beyond the familiar conversion processes in the Western countries and the Soviet Union. What is needed is the dedicated participation of the state and its agencies in solving these problems of importance for the national economy.

HUNGARY

Proposal To Send Troops to Saudi Arabia

*91CH0022D Budapest NEPSZABADSAG in Hungarian
20 Sep 90 p 4*

[MTI Report: "Will Hungarian Soldiers Travel to the Middle East?"]

[Text] Siding with the West, under the UN flag, a battalion of the Hungarian Armed Forces should be part of the military forces lined up against Iraq, according to a suggestion submitted for consideration on Wednesday to the Defense Committee of the National Assembly, by Independent Representative Bela Kiraly. Kiraly said that a step of this nature would be primarily of political significance. In recent times Hungary has identified itself with the West regarding a number of issues.

The parliament's approval is required before Hungarian soldiers may be dispatched abroad. Representatives may render a decision in this regard in mid-October, at the earliest. For this reason the committee did not submit the proposal for debate at this time, but agreed to contact the Foreign Affairs Committee.

Western Officers Visit Combat Vehicle Exhibit

*91CH0022A Budapest NEPSZABADSAG in Hungarian
12 Sep 90 pp 1, 4*

[Article by Zoltan Gyore: "Combat Vehicle Exhibit in Szombathely; Gentlemen, Go Ahead, Take Pictures!"]

[Text] Gentlemen, go ahead, take pictures! This unusual call was heard several times yesterday morning at the

Szombathely Honved barracks, the place where the Hungarian Armed Forces command organized a combat vehicle exhibit.

Some ranking guests arrived for the event: a group from among the participants in conventional weapons reduction negotiations in Europe, the CSCE. Helicopters, armored personnel carriers, combat vehicles, and bridge-laying equipment used by the Hungarian Armed Forces were demonstrated to 56 highranking military experts and diplomats from the 22 European countries, the United States, and Canada.

Major General Tibor Vadaszi, the military leader of the Hungarian delegation to the conventional arms reduction, mutual confidence and security negotiations told this reporter that in the course of negotiations thus far participants already reached an agreement concerning the number of tanks each country may have. But heated debate evolved in regard to which aspects of armored personnel carriers should be made part of the negotiations. We may see the basic model and variations of that at Szombathely, according to the major general. "Seeing these may provide a point of reference for participants," he said. "Let them see with their own eyes the differences and the identical features," the Hungarian military leader said.

"The Szombathely exhibit may bring closer the expected result, an agreement between the states. This is urgent, because at the end of both series of negotiations the agreements could be signed at the highest level in Paris, in November," according to Major General Vadaszi.

The visitors were not only called upon to take pictures. They received pictures of each individual combat vehicle, as well as a photo album.

This is the way confidence is gaining strength in 1990.

Soviet Troop Withdrawal: Financial Negotiations Scheduled

*91CH0022B Budapest NEPSZABADSAG in Hungarian
20 Sep 90 p 5*

[Interview with Independent representative Dr. Laszlo Czoma, member of the ad hoc parliamentary committee on Soviet troop withdrawal, by Andras Sereg in Budapest on 19 September: "Five Billion Forints or Zero Balance? Hungarian-Soviet Economic Negotiations on Troop Withdrawal"—first paragraph is NEPSZABADSAG introduction]

[Text] The ad hoc parliamentary committee which deals with matters pertaining to Soviet troop withdrawal met yesterday at the Ministry of Defense. We interviewed Independent Representative Dr. Laszlo Czoma after the closed meeting.

[Czoma] In response to a Soviet initiative intergovernmental negotiations will be held in Budapest between 24

and 28 September concerning property law and economic and financial issues which attend the withdrawal of the Southern Army. The Soviet delegation will be headed by Konstanin Katusev, while Minister of International Economic Relations Bela Kadar will lead the Hungarian delegation. At the present meeting of the ad hoc committee we reviewed the cabinet proposal, the guiding principles for the intergovernmental negotiations.

[Sereg] What will be the topic of next week's economic negotiations?

[Czoma] For the time being the two viewpoints are far apart insofar as financial matters are concerned. While the Soviets established a 50-billion-forint claim under property law, we regard a zero balance accounting as a realistic solution. We regard as important, that based on mutual interest, we sign a mercantile trade agreement and a long-term economic-commercial agreement with the Soviets, prior to the conclusion of troop withdrawals. On the other hand, the Soviets would like to see a settlement of financial matters related to troop withdrawals before the last contingents are withdrawn. In this regard there is no difference between the views of the two parties.

[Sereg] Is it of no concern that the different political and economic interests will conflict in the course of intergovernmental negotiations?

[Czoma] The need to deal separately with economic disputes related to troop withdrawals from the already approved schedule of troop withdrawals, and from the evolution of Hungarian-Soviet economic relations of a civilian character has been brought up during the committee meeting.

[Sereg] You mentioned that the Hungarian party regards a zero balance settlement as the realistic solution. Could you elaborate on this?

[Czoma] We regard all facilities used by Soviet troops as Hungarian property, irrespective of whether we transferred those earlier, or if their construction was funded by the Soviets. Consequently their utilization is exclusively within the competence of the Hungarian party. The ad hoc committee believes that in the course of bilateral negotiations issues related to the amortization and depreciation of these facilities should be discussed, together with the extent of environmental pollution caused by Soviet troops, the cost of military exemptions, and damages caused to enterprises and private persons. The Hungarian party will waive its claim for refunding the amount of state grants provided to Soviet troops for their stay in Hungary, provided that the Soviets recognize and include all the above costs. This would represent a compromise.

[Sereg] The intergovernmental negotiations to begin on Monday were initiated by the Soviet party. Do they have any new proposals to make?

[Czoma] Among other matters they suggest that we establish joint ventures for the civilian utilization of individual facilities. The Hungarian party will examine this concept in detail, just as it will every other specific proposal. It is our intention to respond jointly to the issues raised, because as a result of our geopolitical situation some long-term interests are tied to the maintenance of friendly relations between the two countries.

Soviet Troop Withdrawal: Last Sarmellek Air Force Unit To Leave

91CH0022C Budapest NEPSZABADSAG in Hungarian 21 Sep 90 p 4

[MTI Report: "Accelerated Withdrawal"]

[Text] At the Sarmellek Soviet barracks, combat fighter practice flights and the operation of radio locator equipment have stopped completely. The MIGs were towed out of their underground hangars, and with full tanks they are awaiting orders to take off.

Consistent with the accelerated withdrawal pace, the last group of Soviet airmen will leave Sarmellek during the first week of October.

POLAND

Structure, Goals of New Military Gendarme Unit Profiled

90EP0884A Warsaw PRZEGLAD TYGODNIOWY in Polish No 37, 16 Sep 90 p 6

[Interview with Brigadier General Jerzy Jarosz, commander of the Military Gendarmerie, by Miroslaw Cielemiecki; place and date not given: "The Gendarme Is Changing"]

[Text] [Cielemiecki] General, the building at 2 Oczip Street in Warsaw used to house in the 1950's the notorious Military Information Unit, and subsequently the Headquarters of the Military Internal Service. Now it houses the Headquarters of the Military Gendarmerie. What legacy have these previous institutions left you?

[Jarosz] The building and the facilities it contains.

[Cielemiecki] As it now turns out, your predecessors have scored no mindboggling successes.

[Jarosz] I would rather not comment on that, because I was not associated with these services. (From the Editors: The General served a dozen or so years with the 6th Pomeranian Parachute Division and subsequently headed the Polish contingent of the United Nations armed forces in the Middle East, commanded the 1st Mechanized Division, and served as deputy commander of the Warsaw Military District and Commander of the OHP [Volunteer Labor Brigades].)

[Cielemiecki] Let us say plainly that the [military] counterintelligence personnel were often even more interested than foreign operatives in the morale of the Polish officer corps, in the political views and philosophies and family connections of individual officers, and that they encroached upon the personal lives of individuals and obstructed the advancement of many professionals who in some or other way breached the rules of the then binding orthodoxy.

[Jarosz] The nature of the objectives and political priorities then followed resulted in that sometimes insufficient resources and time could be devoted to performing the duties exercised by the military's military police [i.e., "gendarmerie"] in modern armies. But you asked me about any eventual legacy of the WSW [Military Internal Service]. Counterintelligence, which, as I need not demonstrate, is needed in every army, has been transferred to the Second Directorate of the General Staff, and it is there that you should address your questions about changes in its operating procedures. As for the gendarmerie it took over preventive duties. And anyway we cannot here speak of any legacy because we are creating a novel structure in the history of the Polish Army. We are assigning completely different tasks to those among the former WSW personnel who have joined the gendarmerie.

[Cielemiecki] Namely?

[Jarosz] Chiefly tasks of a preventive nature. We will detain those who are violating the manual of military regulations and escort lawbreaking soldiers to the offices of the military prosecutor. The investigating arm of the gendarmerie will probably perform in the army the same duties as does the police in the civilian world. A large part of its tasks will be of a preventive nature; in cooperation with unit commands we shall prevent potential crime.

[Cielemiecki] What methods will the gendarmerie employ in accomplishing its tasks? In the past the WSW officer "in charge" of a military unit or institution used to recruit in various ways secret collaborators and informers who were rewarded for providing information and other services. It used to be that such a WSW officer felt himself to be the lord and master of the military unit and had a room of his own, a telephone, and a car.

[Jarosz] While in the regular army I was taught to practice the direct, straightforward approach. I do not intend to change my convictions, and I shall remain true to them. The gendarmerie will employ law-abiding operating procedures. We shall no longer [maintain resident representatives in] army barracks. We shall enter these barracks only when asked to do so by a unit commander in cases of perpetration of crime. Of course, we shall still have the right to enter the territories of military units for crime-prevention purposes or while pursuing criminals.

[Cielemiecki] You have compared the gendarmerie with the police. But the police have not abandoned the sometimes extremely effective, so-called operative methods of action.

[Jarosz] The gendarmerie will not have the same powers as the police. We shall not recruit secret collaborators. Our expectation is that, once we prove that we are a law-abiding service, we shall gain the respect of the military community and the broad public. Once they perceive our positive role in promoting rule of law, people will inform us about eventual instances of crime or mismanagement, just as they inform the police.

[Cielemiecki] Do Polish military facilities attract the interest of the intelligence services of other countries?

[Jarosz] Yes, more than usually.

[Cielemiecki] Which countries are chiefly concerned?

[Jarosz] I understand what you are driving at. Let me answer that the operations of the military intelligence services of all countries are being identically monitored. Besides, as I mentioned, these matters are the province of counterintelligence.

[Cielemiecki] What is the state of compliance with laws and regulations in the Polish Armed Forces?

[Jarosz] That is not up to me to answer. Ask the heads of the Ministry of National Defense. The situation within the Armed Forces is a reflection of the situation in this country. I have been instructed to immediately tighten disciplinary actions. I think that soon now their effects will be tangible.

[Cielemiecki] In the past WSW patrols, while noticeable, were rarely seen in the areas where drunken soldiers caused public disturbances, e.g., on trains.

[Jarosz] I am not responsible for the former WSW. At present in the area of Warsaw 60 to 80 patrols of the gendarmerie serve daily. These gendarmes are not painted dolls strolling on the streets. They will show up wherever the threat of public disturbances by military personnel arises. Now it will no longer take several hours before a gendarmerie patrol arrives on the scene. There will also be a patrol at every rail hub, ready to answer the call of the conductor of any train.

[Cielemiecki] At street bazaars vendors selling firearms, also of the military type, are increasingly often encountered.

[Jarosz] This year several score weapons, chiefly hand-held, have disappeared. Experience so far indicates that a majority, more than 80 percent, of the missing weapons are recovered. I believe that this also will be the score in this year. The weapons offered at street bazaars often do not derive from Polish military depots. They are mostly of foreign origin. We also have found proof of

attempts to convert gas weapons to firearms, with military armorers being asked to make such adjustments.

[Cielemiecki] The recent theft of weapons from a depot in the Szczecin garrison has gained considerable publicity.

[Jarosz] The theft was uncovered last August. Forty-eight P-83 pistols and three PW-33s (popular TTs) were missing. The prosecutor's office is investigating the matter closely. Experts from the gendarmerie are taking part in this investigation. The perpetrators have been arrested, as was already reported in the press.

[Cielemiecki] Will gendarmerie patrols intervene in events in which soldiers take no part?

[Jarosz] Basically not, except in particular cases in which human health or important state interests are imperiled, but then only in cooperation with the police.

[Cielemiecki] Could you describe, insofar of course as this is not classified information, the organizational structure of the military gendarmerie?

[Jarosz] In view of its purposes, the gendarmerie holds few secrets. Its tables of organization provide for about 3,660 persons, including the Headquarters staff. It is subordinated to the chief of the Main Inspectorate for Combat Training of the Polish Armed Forces. Subordinated to the Gendarmerie Headquarters, in its turn, are three military-district gendarmerie commands. At the next lower level there are six units, one each in Warsaw, Krakow, Bydgoszcz, Szczecin, Poznan, and Wroclaw. Gendarmerie companies will be attached to these units, except in the Nation's Capital where the gendarmerie will be represented by a sub-unit of battalion strength. Subordinated to the units are 18 local branches (each with one platoon of gendarmerie). The lowest organizational cell will be the outposts, which we expect to number 47 for the country as a whole.

[Cielemiecki] What will the gendarmerie uniforms look like?

[Jarosz] In patrol service they will wear white helmets. Road service personnel will, in accordance with international norms, wear white belts and Sam Browne belts. Attached to the Sam Browne belts will be metal badges with the identification numbers of the gendarmes. For formal wear the gendarmes will wear four-cornered hats with scarlet banding as well as scarlet cords. Their corps insignia hark back to prewar traditions. The main element of the gendarmerie's emblem is a stylized flame which burns evil but itself remains pure.

[Cielemiecki] And their weapons?

[Jarosz] Hand-held firearms and gas weapons as well as, in specified situations, light machine guns of a new type, along with better means of transportation and communications than at present.

[Cielemiecki] The prewar gendarmerie was an elite formation enjoying public respect.

[Jarosz] We would like to earn such respect. Our aim is to make service in the gendarmerie as great an honor to

soldiers as service in the parachute troops. The requirements for selection for basic military service in our unit are quite high: secondary educational background; high I.Q.; unquestioned integrity; top physical condition; and a height minimum of 180 cm.

HUNGARY

COCOM Ban Lift Boosts Software Success Story *90CH0448A Budapest NEPSZABADSAG in Hungarian* *6 Sep 90 p 10*

[Article by Szilvia Hamor: "A Software Success Story"]

[Text] The first Apple computer I saw was in an apartment in Zuglo. While a house was being designed in seconds on the screen, it was explained to me that I was the victim of an optical illusion: the computer was not even in Hungary. How could it have been, when it was a strictly embargoed product. That was exactly six years ago. Yesterday it was announced that the Graphisoft Limited Liability Company has begun the exclusive marketing of Apple computers [in Hungary], which up to now have been on the list of the COCOM [Coordinating Committee on Export Controls of NATO].

At the Munich software exhibition in 1983, a previously unknown Hungarian company, Graphisoft, was the first to demonstrate a three-dimensional CAD [computer-aided design] program for personal computers. The reason for doing so was simple necessity, or a lack of capital to be more exact. At that time only large firms were using CAD on large projects, where computer costs were the smallest cost item. Among the exhibitors, Apple's staff—fostering their tradition of having started from a garage and therefore less respectful of authority—were the only ones to take notice of the small Hungarian company. True, at that time Apple was about to start serial production of its new star, Lisa, the first professional personal computer, one of the spectacular applications of which was three-dimensional CAD. Apple suggested to Graphisoft that the latter should offer programs for designing family homes, office buildings, department stores and hospitals, rather than power plants.

Lisa was a commercial flop: It could do many things, but was too expensive. In the first round, therefore, cooperation with Apple brought only moral victory for Graphisoft. But Graphisoft knew that soon (that meant two or three years, of course) Apple would launch a new computer it was developing. Macintosh II appeared in late 1987. It is a powerful computer suitable for use also as an engineering workstation.

"Here is where we were able to take advantage of the fact that brainwork costs less in Hungary," says Gabor Bojar, the company's president. "To avoid any misunderstanding, we are not dumping our products. With our East European overhead and standard of living, we were able to survive by selling between 50 and 100 copies of software a year, during the two to three years we were waiting for the new computer. In the meantime we perfected our ArchiCAD software for architects, while also developing new programs for designing investment projects and pipe networks. A large Western [software] firm simply cannot afford to take the risk of investing in

research and development by many people while waiting for a computer model of uncertain future."

The past three years proved that Graphisoft has been "betting on the right horse." Apple has won the largest share of the market for professional workstations, beating Compaq and IBM. And today Graphisoft is able to sell the largest number of copies of CAD systems. Besides its many advantages, however, the fact that Graphisoft has been working only capitalist markets has also its drawbacks. All along Graphisoft has lacked a domestic base, direct marketing, and technical feedback. Germany or France is the nearest place from where Graphisoft can get information about what its customers want or what they find lacking in its programs.

"By marketing Apple computers in Hungary, we are not only ensuring for ourselves the advantage of a domestic base but are also creating an opening through which very many Hungarian firms will be able to enter West Europe," claims Gabor Bojar. "We would like to facilitate this by offering programmers a 50-percent discount on computers. That we might be creating our own competition by doing so? Well, that danger does exist. But the much greater foreseeable advantage is that the wider selection of software programs could help Apple increase its market share further, whereby the demand for our products will also increase."

Housing Development: World Bank Program Discussed

90CH0446A Budapest HETI VILAGGAZDASAG
in Hungarian 27 Jul 90 pp 21-22

[Interview with Zsolt Oszlanyi, the deputy director of a former National Planning Office main department now merged into the Ministry of Finance, by Ibolya Jakus; place and date not given: "Most Rental Housing Units Should Be Sold Shortly"—first paragraph is HETI VILAGGAZDASAG introduction]

[Text] Conceptual plans for housing were also prepared practically every year in the past but for the most part only their negative effects were realized. Yet another such plan has just been prepared but this one was commissioned by the World Bank. Most of the experts who participated in this project have simultaneously been working on drafting the government's housing program as well. This fact at least makes it likely that the externally suggested and recently completed conceptual plan will gain "official status." What role does the new conceptual plan envisage for rental housing? Under what conditions will it be possible to obtain mortgage loans in the future? What will replace the tax on mortgage interest? These were some of the questions we asked when we interviewed Zsolt Oszlanyi (age 46), the deputy director of a former national planning office main department now merged into the Ministry of Finance. Oszlanyi helped to prepare several of the earlier conceptual plans for housing and has headed the team commissioned by the World Bank.

[Jakus] The World Bank's reputation in Hungary is that of an inexorably strict organization whose actions are guided solely by what is economically efficient, without any regard whatsoever for social considerations. Therefore the fact that the World Bank commissioned Hungarian experts to prepare a conceptual plan for housing probably filled many people with misgivings. Did the bank give you any instructions that would have confirmed such misgivings?

[Oszlanyi] Actually the bank's only requirement was that we prepare a proposal outlining an efficient system that would provide a way out from our present state of helplessness. I have to admit that initially we, too, thought the only thing expected of us was to relieve the state budget's burden, partially or entirely. Surprisingly, no such drastic demand was presented to us during the consultations. It is quite another matter that our commission was actually a duplication of effort: the World Bank's own experts were simultaneously preparing an in-house conceptual plan. The question is which of the two conceptual plans will the World Bank take into consideration in its loan negotiations with the Hungarian government, ours or the in-house one? In any case, we are in agreement that the total amount of housing subsidies—both as a proportion of total expenditure and in terms of effectiveness—is too high and must be reduced. Housing subsidies this year total 90 billion forints, which is between 16 and 18 percent of the state budget.

[Jakus] The fact that you are in agreement on the question of housing subsidies sounds rather ominous. If for no other reason, already because many people, experts included, even doubt whether the housing subsidies actually amount to 90 billion forints. Not to mention that the state itself started this 90-billion-forint mess—if that is the correct total—by means of its distorted wage system and flawed credit policies, and inflation then bloated it into something unpalatable. The question now is how can this mess be made palatable? In the final outcome for the population, of course. What specific recommendations does your version of the conceptual plan offer?

[Oszlanyi] In our opinion, radical changes are necessary essentially in three areas: in the sector of rental housing itself, and simultaneously in the system of state subsidies and the system of financing. The widest divergence of views between the World Bank's experts and ourselves exists on the question of rental housing. Both sides agree that the final objective is to develop a system based on actual ownership and realistic conditions of leasing, but our standpoints differ on how soon all this can be put into place. According to the Draft Law on the Units of Local Government, state-owned rental housing will pass to the local governments' ownership when that law becomes effective. The World Bank assumes that will happen practically in one step: as of 1 January 1991, let us say. Local governments would then be able to introduce rents not subsidized by the state, and the owner in the given case could realize a profit, which of course

would be taxable. Moreover, the swapping of housing units between tenants, and the feasibility of inheriting or quasi-selling tenancies—in other words, all the rights that up to now have made tenancy similar to ownership—would cease. According to the conceptual plan drawn up by the World Bank's experts, to this arrangement there would be added a correction: the portion of rent exceeding 20 or 25 percent of family income—there is no agreement as yet on the final figure—would be refunded to the tenant, but only if the tenant is not occupying a larger housing unit than what he is entitled to.

[Jakus] But the units within rental housing in Hungary, as you yourself said, have not functioned as real rental units. For example, many people exchanged their small privately owned apartments for larger rental units; or, when swapping rental units, they made substantial additional cash payments to obtain a larger rental unit or one in a better location. In many instances, therefore, the World Bank's proposal would mean the nationalization of the private capital invested in rental units.

[Oszlanyi] Those were also our arguments, practically word for word. We added that the state acquired its rental units initially through nationalization, without paying any compensation for them, and that also statutory regulations since then have confirmed many of those rights of quasi-ownership. Therefore we are able to imagine only a gradual transformation. According to one of the versions we are proposing, local governments could classify their rental units into three groups. To set the amount of rent and other conditions of the lease in the case of rental units in outstanding locations, the local governments could immediately introduce the market system proposed by the World Bank. We recognize that a person has to live somewhere, but not necessarily in [Budapest's] Pasaret or the downtown area proper. Naturally, anyone dissatisfied with the new conditions of his tenancy would have to be given another rental unit in exchange, elsewhere. The second, nonprofit group would comprise the overwhelming majority of the 800,000 rental units. Here, temporarily, the objective would be to introduce self-financing rents, but that too would raise rents two to two-and-a-half times. The third group would be welfare housing, for which not even self-financing would be an objective. Naturally, only rental units of the lowest quality would be assigned to this category. Thereby, we believe, it would be possible to avoid the appeal of welfare housing as the rental units receiving the highest subsidies. Here again, in other words, the objective is to subsidize the occupants rather than the rental unit.

Some Hungarian experts have proposed also another approach. Because the present proportion of rental units within the housing sector is unreasonably high, they recommend selling most rental units to the tenants shortly. As they claim, in practice it does not matter for how much: What is important here is not the proceeds from sales, but "freedom" from the burden of the rental units' maintenance costs. Of course, I have no way of

knowing whether the World Bank will adhere to its own conceptual plan or will take also our recommendations into consideration.

[Jakus] The differences of opinion are by no means negligible. Are the views regarding the system of subsidies likewise so divergent?

[Oszlanyi] To the contrary. We are in complete agreement on that question. The Hungarian working group elaborated several versions. The one we, too, judged to be the best calls for changing the present system for financing housing construction and homebuying. In our opinion, the system we have in mind would eliminate practically all the contradictions encountered in practice to date. It would permit borrowing more than at present, but the budgetary subsidies to make mortgage payments affordable would be abolished. A so-called system of double indexation would ensure the borrowers' ability to meet their mortgage payments. The bank would lend at the current [variable] rates of interest, but payments the first year would be limited to, say, 25 percent of family income. At the beginning of the second year the balance outstanding would be adjusted in line with the rate of inflation, and the limit on payments would be multiplied by the index of average wages. This procedure would be repeated each year, until the mortgage loan was repaid. This would be good for the borrower, because mortgage payments would not exceed a predetermined proportion of his income. And it would be good for the lending bank as well, because inflation would not erode the real value of the loan.

[Jakus] But with incomes what they are, not to mention inflation, this method would make the term of the loan practically endless.

[Oszlanyi] No, it would not. But it must be admitted that, according to the computations we performed on our pessimistic model (it assumes eight to ten years of steady inflation, followed by five years of declining inflation), the borrower would be paying back more and more. His debt would unquestionably grow during the first 14 or 15 years, and this growth would culminate approximately at the end of the fourteenth year. But thereafter the balance outstanding would suddenly begin to decline rapidly, and the loan could be repaid entirely in the seventeenth or eighteenth year. Under the present system, the borrower has to assume a huge debt up front—often far more than he can afford to service from his present income—in the hope that inflation over the years will erode the value of the monthly payments. Under the new credit system, on the other hand, maintaining the real value of the monthly payments would have to compensate for the easier conditions at the very beginning. The transaction would be between the bank and the borrower, without any burden on the state budget.

[Jakus] That is for the future. But what do you intend to do about the state budget's acute problems at present? About subsidizing the interest on the old, favorable

mortgage loans? These interest subsidies account for 50 billion forints of the allegedly 90-billion [annual] total. It was hardly possible to let this total rise further, especially since it was rumored earlier that the tax on mortgage interest had been introduced under pressure from international financial institutions.

[Oszlanyi] The World Bank is not concerned with the old mortgage loans, and its financial plan contains no specific recommendations for solving this problem. It is also our opinion that renegotiating the original mortgage loans would not be feasible because that, it is felt, would undermine confidence in the unfolding market economy. Some Hungarian experts believe that double indexation could be applied to the old mortgage loans as well, in which case the borrowers would continue to pay interest at the favorable three-percent rate. The outlined double indexation would have to apply to the Housing Fund that is paying the interest subsidies, through various intermediaries, also at present—in other words, to the state budget—on the one hand; and to the lending OTP [National Savings Bank] and the savings and loan associations, on the other hand. By some estimates, the 230 billion forints of mortgage loans outstanding would disappear in 12 or 13 years if this method were employed. But a thorough analysis is necessary of how this system would affect the OTP's liquidity.

[Jakus] Have the "three-percenters" thus been saved by the abolition of the tax on mortgage interest?

[Oszlanyi] For the handling of the old mortgage loans we have worked out also a version based on accelerated repayment. In this case the interest rate would remain unchanged, but the monthly payment would, say, double. Perhaps borrowers, too, would find that more tolerable: the higher monthly payment would reduce the principal, instead of being applied against the interest or tax due.

[Jakus] From the foregoing it is evident that your conceptual plan goes far beyond the World Bank's commission, and easing the state budget's burden has been its objective after all. Even according to your conceptual plan, in other words, the population itself will have to foot the entire cost of its housing, although the system under which it will be doing so will be more rational. Do you think that a market system for housing will be able to function without market wages and a wage reform?

[Oszlanyi] It is undeniable that a vast majority's average income is not yet sufficient to cover the costs of acquiring a home, but the average income of an ever-larger stratum is sufficient for that purpose. The institution of wage bargaining is spreading, and labor power is becoming a real commodity. I think this will become a self-exciting process once the market economy gains ground. In other words, I do not believe that today it would be possible to introduce a wage reform on the basis of determining how much is needed for education, medical care and housing, respectively. Aside from the

fact that such slicing of the pie would mean the application of the former method, moreover, there is no money for wage reform.

[Jakus] As we have seen, more rental housing will not be built, there will be no wage reform, and the maintenance costs of the existing housing units will increase several-fold. Then the specter of shantytowns and slums surrounding our capital in the near future is not such an exaggeration after all.

[Oszlanyi] I am unable to say whether or not there will be shantytowns, but it is certain that a proportion of the population is in serious danger of falling considerably behind. Sticking to housing, however, we must also realize that there are some 200,000 families without housing, while a lion's share of the housing subsidies goes to families already housed. Even among the latter, the families least in need receive the largest share of the housing subsidies. We finally have statistics on this: The Central Statistical Office reports that the 10 percent of recipient families in the highest income brackets get 20 percent of the total amount of housing subsidies, while the 10 percent in the lowest income brackets get merely five percent of the total. By no means will the redistribution of housing subsidies cause the scepter to become real. After all, shantytowns would spring up even if everything were to stay the way it now is, only they would be populated by the younger generations.

Cuban Trade, Credit Dispute Explained

91CH0025A Budapest MAGYAR HIRLAP
in Hungarian 18 Sep 90 p 6

[Interview with Commercial Counselor Ramon Armas of the Embassy of the Cuban Republic and with Ministry of International Economic Relations Division Director Janos Czibula by Gabor Arato; places and dates not given: "Hungarian-Cuban Relations at a Dead Point; Havana Is Asking for Time; The Island Country in a Dual Grip; Bus Spare Parts for Dollars"—first three paragraphs are MAGYAR HIRLAP introduction]

[Text] Eighty percent of Cuba's foreign trade is conducted with the former (and present) socialist countries. Thus far most of this trade was based on "mutual assistance," an idea soaked in the system of ideals of "proletarian internationalism." As a result of the East European changes of 1989 and 1990, market conditions came to the forefront of external economic considerations in this part of the world. Cuba appears to be the biggest loser in this process. How do Cubans and Hungarians view Hungarian-Cuban relations?

The island country finds itself in a dual grip. It accumulated a huge volume of debt vis-a-vis the former sister countries on the one hand, and beginning on 1 January 1991, even the Soviets want to settle their accounts with Cuba in convertible currencies. (Cuba's indebtedness amounts to almost 16 billion rubles, including obligations to the Soviet Union.)

Hungary has already stopped trading with Cuba on ruble-based settlements. Two reasons exist for this. As of the end of last year Cuba has accumulated a 100 million ruble indebtedness to Hungary. (We must note: In the CEMA framework our foreign traders regarded Cuba as one of the reliable debtors.) In addition, Havana was unable to fulfill its delivery commitments this year. None of these issues were resolved in negotiations held thus far. Not too long ago a Hungarian delegation visited Havana, but according to press reports the delegation returned without tangible results. What happened? This was the topic of our discussion with Ramon Armas, commercial counsellor at the Embassy of the Cuban Republic in Hungary.

[Arato] We find ourselves in the third quarter of 1990, yet the annual mercantile trade agreement is still to be signed. Why?

[Armas] In January 1990 the Cuban party came to Budapest with proposals similar to those of earlier years. The proposal called for a zero balance mercantile exchange, and a request to negotiate the debt service payments due this year later during the year. Delivery of Cuban goods fell short by about 11 million rubles in 1989. This kind of delay was considered "normal" thus far in the practice of socialist countries. We asked that they permit us to make these deliveries in 1990. In response we were told by the Hungarian party that we will be able to sign an agreement only if we close out 1989 with a zero balance. This is what Hungary is obligated to do based on its agreements with the International Monetary Fund [IMF]. In turn we suggested that we will settle our backlog by delivering sugar. (It should be understood that when Cuba sells sugar to Hungary it does not deliver sugar, but sells sugar in free foreign exchange markets, and Hungary receives the price of the sugar in foreign exchange—the Editor.) But the Hungarian party insisted that we make installment payments in the form of goods whose delivery has been delayed.

[Arato] Is this the point where negotiations came to an end?

[Armas] In order to find a solution to this impasse we sought to establish contact with persons in authority in the new government. In July our Ambassador in Budapest and I paid a visit to Bela Kadar, minister of international economic relations. Reorganization was going on in the ministry at the time, and the new division director in charge of Cuban relations was just appointed. We succeeded in reaching an agreement to the effect that a Hungarian delegation will visit Havana in late July. But in Cuba the situation was no longer the same as it was in January.

[Arato] In what respects did the situation differ from that in January?

[Armas] We began to feel the effects of the events that took place in East European socialist countries. We had to concentrate the country's resources and reserves that

could be exported so as to acquire goods obtained thus far from socialist countries, from other markets. In this situation it was impossible to maintain our January proposals. The Cuban position called for postponing negotiations concerning transition to settlement in free foreign exchange, and in regard to credits, until the fourth quarter of 1990. We are not closing off ourselves from anything, but feel that Cuba needs time to analyze the new situation and to formulate its position for the future.

The Way the Cubans See It

[Armas] So as to avoid freezing our relations, we proposed that independent from all disputed issues we should mutually deliver goods worth 12.7 million rubles. The Hungarian party did not accept this offer. We, on the other hand, had to admit that at present we were incapable of making the debt service payments due. From the Cuban standpoint, semiassembled Ikarus buses and parts are the most important Hungarian goods. Ikarus made deliveries during the first quarter—100 semiassembled buses instead of the agreed-upon 286 buses, and spare parts worth 7 million rubles instead of 14 million rubles. In July we succeeded in reaching an agreement to the effect that Cuba would purchase bus spare parts for dollars already this year. An additional factor which left the door open to further consideration is the fact that both parties regarded barter agreements—goods in exchange for goods—as acceptable. It is our understanding that the Hungarian party understands the grave problems Cuba has, and the fact that we are willing to negotiate about everything, but we need time....

The Way the Hungarians See It

Ministry of International Economic Relations Division
Director Janos Czibula headed the Hungarian delegation to the Havana negotiations in late July. How does he view Hungarian-Cuban relations?

[Czibula] Everything the Cuban counsellor said is basically correct. But I would change the part concerning the January negotiations: Since the arrears of 11 million rubles were given, the Hungarian party had no choice but to accept the promise that they will make up the arrears in 1990.

[Arato] But Mr. Armas said that the Hungarians did not permit rescheduling the indebtedness for this year.

[Czibula] How could we not have agreed to that? Our basic position was twofold: First, they would make up their arrears this year, and second, we would sign a zero balance agreement for 1990 in which sugar plays a key role.

[Arato] Why was it not possible to reach an agreement?

[Czibula] There were disputes about the volume of sugar, but mainly about the price of sugar. To understand this matter one should realize that at that time the world market price of sugar was rather high, it stood at \$350

per ton. In those days Cuba was able to sell its sugar on world markets for a good price. Presumably for this reason it was not in Cuba's interest to deliver the volume of sugar at a price we deemed to be fair. In any event, we hoped that Cuba would soon make another offer regarding sugar; we authorized the commitment to manufacture buses and spare parts during the first two quarters under this assumption.

But contrary to our hopes, nothing happened. Meanwhile the balance of payments differential increased. By mid-April our demand increased to about 40 million rubles. At this point we informed Cuba that we were forced to suspend deliveries until such time as this year's mercantile trade agreement was signed.

[Arato] At the July negotiations Cuba offered to deliver goods worth 12.7 million rubles, in exchange for Hungarians goods worth the same amount. Why did the Hungarian party reject this offer?

[Czibula] The government holds the position that in 1990 no additional credits may be granted in addition to existing previous credits.

[Arato] Do you envision a possibility of moving away from the dead center?

[Czibula] This is hard to answer. The Cuban economy experiences a rather grave situation indeed. This fact perhaps will persuade them to give in on their rigid position. Agreeing on the system of conditions by which they will make payments on credits would be the solution. It is difficult to proceed until such an agreement is reached.

Hong Kong Chinese Interested in Settling, Investing in Hungary

90CH0444A Budapest TALLOZO in Hungarian No 35,
31 Aug 90 pp 1668-1669

[Article by Katalin Moza reprinted from PEST MEGYEI HIRLAP, 25 August 1990, page not given: "Will There Be a New Hong Kong on Csepel Island? According to the Government, No One Has Expressed Any Interest"]

[Text] For some time now, the Hungarian press has been abound with articles about Hong Kong immigrants and fabulous Chinese investments.

As is well known, in 1997, the British crown colony will be returned to China. Since the decision has been made, many have been leaving Hong Kong's blossoming economy, transferring their capital to countries where private property is recognized and respected.

This Chinese cake is a big one, economists tell us, big enough even for Hungary to take a slice or two, worth perhaps as much as a few billion dollars. According to an article published in early July in the weekly REFORM, there had been high level discussions in the Nemeth

government concerning the idea of taking in businessmen preparing to leave the crown colony, the documentation of which has been handed over to the Antall cabinet.

Just the other day, the city of Szolnok announced that it was ready to receive immigrants from Hong Kong. On the basis of a Reuter press agency release, VILAGGAZ-DASAG reported on Wednesday an announcement by the East German Government that 52 leading Hong Kong businessmen had agreed to pay 1.5 million marks each, and promised to invest over 15 billion marks over 25 years in exchange for German citizenship.

On Friday, under the title "How Much Are They Paying To Come Here From Hong Kong?" NEPSZABADSAG published an interview with Dr. Bela Torok, head of the foreign investment bureau of the Prime Minister's Office, in which he was asked to comment on whether or not the expected dollar millions would be in jeopardy if the government failed to act urgently on the matter. Besides Szolnok, Csepel Island could also have a good chance in joining the battle for Hong Kong settlers. The statements of the head of the foreign investment bureau clearly suggest that while in principle the government supports the influx of Chinese capital and the settlement of businessmen, the foreign and local entrepreneurs who are supposed to serve as their harbingers cannot completely be taken seriously.

At the secretariat of the minister in charge of international relations, Bela Kadar, we were told the following by Hong Kong specialist Istvan Hrabovszki:

With Passport in Their Pockets

[Hrabovszki] The desire on the part of Hong Kong residents to leave is a real one, as is the fact that the crown colony is a developed financial and commercial center which plays an important role in the world economy. The more affluent among them have already been exploring ways of salvaging their capital for some time already. The problem lies with the many business groups and firms which by making irresponsible offers have recently been working to disorient public opinion. Those wanting to leave Hong Kong, of course, are interested primarily in going to England, Australia, Canada, or other countries of the Far East boasting a developed economy. Indeed, Canada is asking 250,000 dollars per family for the right to settle there. The situation of the GDR is also different, as the desirability of settling there has been heightened by the prospect of imminent unification.

[Moza] Has the Hungarian government been approached by anyone from Hong Kong expressing a desire to settle here?

[Hrabovszki] We do offer opportunities for settlement and investment. One must understand, however, that the salvaging of capital is a matter which in Hong Kong everyone affected is trying to work out individually and very discretely. And there are undoubtedly also those

whose main objective is not to invest but to secure their existence—with a foreign passport in their pockets.

The private domestic firm Inter-Bridge has been seriously pursuing the idea of settling people here from Hong Kong. The firm, however, did not enhance its reputation by sending out a letter in which Csepel Island is described as an area 8,000 square kilometers large (just as a comparison: Hungary as a whole is little more than 93,000 square kilometers in size, of which Csepel Island represents only 250 square kilometers.)

"There was a regrettable misprint in the letter sent by my husband to the head of the foreign investment bureau of the Prime Minister's Office," explained Eva Barna, head of Inter-Bridge and wife and partner of Ferenc Szentes. "The price, however, i.e., the 5.6 trillion dollar tag, is a realistic one."

[Moza] Forgive me for saying so, but this is indeed an incredible figure.

[Barna] I agree, but I also feel that just because the sum is large our government agencies should not dismiss our proposal out of hand as irresponsible. What we are talking about here is an arrangement whereby the Hong Kong business group to be in charge of organizing the resettlement, which itself would move here, would like to secure an 8,000 square kilometer area for investment and housing construction purposes. (Editors note: This would represent 8.6 percent of our country's total territory) On Csepel Island, we have taken them all the way to Szigetszentmiklos. This area would especially interest our clients from Hong Kong, given its proximity to the capital city, the M0 freeway and the existing industrial plants. But there have been other cities contacting us as well, expressing a strong interest in accepting settlers and investors. What I find very insulting and incomprehensible is that at the governmental level no one has shown any interest in the Hong Kong clients who have come to us for information. A few weeks ago we had businessmen visiting here, and we were unable to find a single person of authority at any of our government offices who would have been willing to receive them. We are not even sure if our letters addressed to Jozsef Antall have ever reached the prime minister.

They Are Asking for Citizenship

[Moza] I understand that you have a letter in your possession stating that the government concurs with their desire to invest here.

[Barna] Yes, but our clients in Hong Kong want state guarantees regarding admission and citizenship. And we feel that just because the lease fee to be collected appears to be unbelievably high, the proposal must not be dismissed as irresponsible.

[Moza] How did you really arrive at this fantastic 5.6 trillion dollar figure?

[Barna] For 20 years, immigrants from Hong Kong would be paying 700 dollars per square meter. In addition, through investments of their own they would build up the given region's infrastructure. Moreover, they could offer low-interest loans unavailable elsewhere to the Hungarian economy. They would create an industrial and commercial network, and set up six banks. They would even agree to starting to pay the lease still before 1993. So nobody is talking about importing unemployed emigrants from Hong Kong into our country. For now only those who have something to lose are wanting to leave. If they continue to find much longer that Hungary does not want to deal with them, they will turn somewhere else. As have those who are now paying millions of dollars for East German citizenship. Such a deal would only strengthen the Hungarian government's position as it would solve the repayment of the country's debt obligations.

[Moza] If there are as many regions as you say around the country that have expressed an interest in attracting immigrants from Hong Kong, it is conceivable that a deal could still be put together. It will require interested Hong Kong residents to enter into direct agreements with the various local governments, circumventing the state. And once they have invested and moved here, obviously they will be able to receive their citizenship.

[Barna] Yes, this is also a possible solution. In this case, however, instead of helping to reduce the state debt or offset the budget deficit, the influx of Far Eastern capital would benefit only the residents of certain settlements. The resulting conditions would require a wall to be built around Csepel or Szigetszentmiklos.

It Would Be Worth a Few Hours

"I am convinced that it would be an enormous mistake to miss out on this Hong Kong deal," Eva Barna said in conclusion. "It would definitely be worthwhile for a couple of competent government officials to spend a few hours to meet with our partners from Hong Kong, who will be visiting here again next week, and to personally talk with them about the proposal."

Energy Crisis Contingency Plan; Possible Scenarios Described

91CH0030C Budapest FIGYELO in Hungarian
20 Sep 90 pp 1, 7

[Article by -czy: "Our Energy Reserves; Crisis Plan"]

[Text] Soviet oil import data change virtually on a weekly basis. Rumors spread in the meantime. Oil is only one of the energy sources. Including nuclear plant heating elements, imported energy satisfies 65 percent of our energy requirements, and 95 percent of that originates from the Soviet Union. As a result of the Soviet social transformation and the condition of the Soviet economy—primarily the shortage of goods—it may be

that, in addition to oil imports, natural gas and electrical energy imports also begin to falter, perhaps come to a halt.

The situation may become catastrophic if that happens, unless we are appropriately prepared. Accordingly, the question is whether there exists a program for a possible energy crisis, one that reaches beyond saying that supplying households with energy remains a priority to the very end.

Industry Ministry professionals examined each energy resource from the standpoint of the extent to which domestic resources and supplies suffice in case of declining or failing energy imports.

Based on data applicable to the first two quarters, this year's energy consumption is expected to decline by between two and 2.5 percentage points, amounting to between 1,250 and 1,300 petajoules. (This is the equivalent of between 30 million and 31 million tons of crude oil.) But declining consumption and intergovernmental agreements are of no use if less than the needed volume of crude oil and gasoline is piped from the Soviet Union. Imports do not play a particularly significant role in Hungarian coal consumption, meaning that supplementary coal supplies may be obtained from other markets easily. The situation may be far more grave with respect to carbohydrates and electrical energy.

Almost three-fourths of our crude oil requirements are satisfied by the Soviet Union. In addition to that, the volume of imported crude oil products amounts to 1.4 million tons. Crude oil refinement in Hungary yields during both the summer and winter seasons a daily volume of between 21,000 and 22,000 tons of base material, and the National Oil and Gas Industry Trust [OKGT] produces between 6,000 and 6,500 tons of gasoline each day.

What would be the consequences of a sudden halt in Soviet crude oil imports? Based on information received from the OKGT, considering average consumption the OKGT's crude oil supplies would last between four and five days, gasoline supplies would suffice for eight to nine days, while gas and heating oil supplies would last for 17 days. This situation may change on a daily basis. Supplies would last for a month if all the storage tanks are filled to capacity. Filling up the storage tanks would have been a rational thing to do, because in response to the Iraqi situation, oil prices increased continuously, while procurement of supplemental oil ceased with the invasion. The OKGT placed an order for 243,000 tons of oil a few days before the gulf crisis began. On the other hand, Soviet oil deliveries were already reduced by 460,000 tons in the third quarter.

If oil imports come to a halt, Hungarian resources that could be used in Hungary may be increased by the immediate halt of DKV [abbreviation unknown] gasoline and gas oil exports. Insofar as further supplemental energy is concerned, diversification of imports is possible by way of the Adriatic pipeline. The only concern is

that according to present practice there is a minimum of a four-week waiting period after a decision is made, and before oil is delivered through the pipeline.

What happens if natural gas imports are reduced or come to a halt? Up to the point where imports decline by between 300 million and 350 million cubic meters per month, the shortfall may be bridged by switching the buffer and alternative users, that is, the carbohydrate power plants and the industrial consumers. (But this is possible only if a sufficient volume of heating oil is available.)

At winter time short-term shortfalls in imports are initially followed by a lack of performance. This may be "replaced" by switching the buffer consumers first, and then the alternative users. If the weather is colder than minus 1-2 degrees, restricting gas supplies to producer enterprises cannot be avoided. The calendar period is significant when it comes to a long-term drop in imports, lasting at least a month. In an average winter, 40 percent of the monthly consumption is based on imports, while the rest comes from natural gas produced in Hungary, or from storage tanks. By switching the buffer and alternative consumers, consumption may be reduced by 22 percent. For security reasons the restriction cannot affect the populace.

What if electrical energy imports decline or come to a halt? Electrical energy cannot be stored. This means that production and imports must follow consumption patterns. Operating reserve capacities may offset gaps in imports to a certain extent, but according to the law of electrical energy, a restriction of 2,700 megawatts total capacity could prevent disintegration of the domestic electrical energy system. (See the description below.) The contingent system would be enforced if import reductions prevailed for a longer period of time. In this way consumption may be reduced by between 600 and 800 megawatts, but industrial production would decline simultaneously. There are no estimates as to the extent of such decline.

In the event that all electrical energy imports cease, one should count on significant restrictions each workday during the autumn and winter peak periods, but not in the summer. Such restrictions would affect not only the material branches but also the individual and communal sphere, and in an unfavorable situation would disable the economy.

And what if not only one, but all energy resource deliveries come to a halt simultaneously? During the summer, the average requirements may be satisfied for a six-week period based on nuclear, coal or carbohydrate fueled power plants. In case of a longer term import shortfall, oil delivered through the Adriatic pipeline may provide the fuel needed for electrical energy production.

Quite naturally, the situation is substantially more difficult during the winter. The filled up reserves of the Hungarian Electric Works Trust [MVMT] are sufficient

for three weeks of electrical and thermal energy production. In case of a longer shortfall in imports, along with strong restrictions imposed on the productive sphere, the electrical energy requirements of the populace may be satisfied with small disturbances, while heating may be provided without disturbances. The restrictions imposed on the productive sphere would be unavoidable based on the assumed shortfall in electrical imports anyway.

Utilization of oil products is less dependent on seasons, not much difference exists between summer and winter supplies. As for natural gas, in the absence of Soviet imports the operation of the system may be ensured only by restricting consumption in the productive sphere. There are no big concerns up to minus 2 degrees; up to minus 6 degrees Celsius, a significant reduction in the production of 14 large enterprises can ensure the balance. Under conditions of minus 10 degrees or colder, restrictions applicable to all producers would be in force.

If imports came to a full halt during the winter season, it is difficult even to estimate the resultant economic effects, because of the magnitude of the ensuing disturbances. In the resultant shortage situation, distribution would have to be organized on a daily basis in regard to each type of energy source.

Supplies may turn out to be more favorable if we are aware at least a week before a shortfall in imports occurs. Coal-fueled power plants could be utilized more efficiently, coal reserves could be mobilized, and maintenance plans could be changed. And finally, alternative procurement could be started sooner, wherever possible.

Consumption must be reduced if there is no energy. Based on what principles, and how, could such reductions take place? From the standpoint of scheduling restrictions, it makes no difference whether the valve is turned off or the power lines break. This means that the ministry, jointly with the energy oversight authority has a joint schedule for energy resources that flow through some conduit, that is, natural gas and electricity.

Automatic measures built into the electrical energy system provide for the disconnection of large consumers in the event that the frequency plummets. These automatic features were developed in agreement with the enterprises in such a way that disconnection causes no damage to technological processes. (For example, liquid steel will not freeze in the foundry.)

If energy shortages can be predicted or known in advance, a five-step schedule of restrictions agreed upon by industrial consumers, goes into effect. Actually, the principles are the same for gas and electrical energy. Individual and communal consumers and public institutions are at the end of the line.

Restrictions for gas supplies begin with the buffer consumers, meaning power plants which may be fueled with other heating materials. The second step affects the alternative users, i.e., industrial users whose energy source may be switched within one day. These include,

for example, cement and sugar factories and industrial furnaces. The next step affects several hundred consumers, but still, restrictions would not cause technological damage. The fourth step applies to a sudden restriction in the flow of energy. This step is implemented regardless of technological processes, and only as a last resort would consumption by individual users be restricted.

Thus far the Hungarian electrical energy system has fallen apart only once. This took place in 1953 in a manner similar to a chain reaction. Excess industrial consumption was the cause, as well as the fact that the national load distribution system was not developed at the time. The latest serious energy restrictions were imposed during the winter of 1985-86, at which time a number of large industrial consumers were disconnected and restrictions reached the third and the fourth stage of the schedule.

Paks Nuclear Plant: Origins of Control System Described

*91CH0023D Budapest FIGYELO in Hungarian
6 Sep 90 p 2*

[Letter to former Industry Minister Laszlo Kapolyi from Laszlo Juhos, head of the Working Group for Thermal Control Engineering, Power Plant Division, Scientific Society for Energy Management (ETE): "Letter to the Minister—in 1987"—first paragraph is FIGYELO introduction]

[Text] Issue No. 28/1990 FIGYELO presented a selection of articles entitled "Patriotic Energy Policy." A reader submitted a copy of a letter he wrote three years ago to the minister having jurisdiction at the time. The following is a verbatim presentation of the letter. In order to inform our readers we would be pleased to hear the views of persons involved in this matter.

"Dear Comrade Kapolyi!

"I will loosely quote from your radio announcement of the joyful event of having accomplished the parallel connection of Paks Bloc No 4: 'the entire control technology of the bloc is of Hungarian origin, and this fact is to the great credit of our computer industry.'

"I wish this were true!

"I would not have been prompted to write, had your statement intended for the lay public been the first time I heard this. You, as well as others (starting with Academician Tibor Vamos' article in the 7 July 1984 issue of HETI VILAGGAZDASAG) made several similar statements before.

"As you are obviously aware: the guidance and protective features of the Bloc 4 control technology are entirely of Soviet origin, while the measurement, signaling, and

operator information systems are of mixed origin. Hungarian industry fully adopted the Soviet Complex Uranium II computerized information system, the nonconventional part of the latter. Accordingly, our participation is rather small, as far as control technology functions are concerned.

"Our industry branch, our profession, was always open to, and prepared for, innovation. It stimulated the Hungarian instrumentation industry and provided room for experimentation and opportunities for reference work. Quite naturally, this activity was accomplished within the necessary proportions, consistent with long-term plans, under the direction of the professional oversight organ.

"The importation of control technology for Paks Blocs 3 and 4 did not take place within this framework. It thus happened that the 'Hungarianization' not useful to the industry branch caused losses to that industry branch, and also slowed down development of the Hungarian control technology system. (As a result of an excessive workload, the the Central Physics Research Institute—KFKI—was unable to perform the research and development task specified in the Sixth Five-Year Plan: the development of a Hungarian events control system. This created a five-year disadvantage. Due to its commitments to Paks, the Measuring Instruments Factory [MMG] AM was unable to confirm the remote transmission requirements of our conventional power plants; these could be obtained in part only from capitalist sources. The control technology parts of the Pecs and Oroszlany reconstructions were awarded to Czechoslovakia and Poland. This provided a 'custom tailored' opportunity for these countries to test for the first time their new, microelectronic events control systems. Moreover, this testing took place on the home grounds of the future competitor in the marketplace.) Several requirements were disregarded in the framework of the system installed at Paks. Without complying with these requirements one may not regard the structure of the system as successful from the standpoint of either the power plant or the industry branch.

"Respected Comrade Minister!

"I took the liberty of calling your attention to these negative aspects, because in the intensified magic sphere of this establishment, which undoubtedly also produced results, another 1,000 megawatts control technology is being planned in a similar framework.

"Respectfully:

"Laszlo Juhos, Head, Working Group for Thermal Control Engineering, Power Plant Division, Scientific Society for Energy Management

"26 August 1987"

State Enterprises: Amendments to Law Facilitate Privatization*91CH0023A Budapest NEPSZABADSAG in Hungarian 11 Sep 90 p 5*

[Report on parliamentary proceedings of 10 September 1990 by Andras Sereg and Gyula Attila Fekete]

[Excerpt] [passage omitted] Parliament created a law amending individual legal provisions applicable to state enterprises. During the debate members of the governing parties and of the opposition more or less agreed that as a result of the new law privatization of enterprises will become easier. On the other hand, lively debate evolved in regard to the method in which separate economic units within state enterprises may become independent hereafter, and concerning the issue of how many days be allowed for the founder of an enterprise to respond to an independence initiative. In the end the cabinet agreed that 60, rather than 90, days should be allowed for the owner to respond. On the other hand, the cabinet did not agree with the idea that the owner's decision is subject to appeal in courts. According to Justice Minister Istvan Balsai a decision regarding independence is the sovereign right of the owner. [In this context both "founder" and "owner" mean the state.]

Subsequently, the old debate on amending the law on business organizations and companies was once again rekindled. At issue was the question of whether the government uses excessive centralization in regard to the economy. The opposition believes that a number of mistakes are suddenly made as a result of the fact that the proposed amendments delegate all decisionmaking authority on the transformation of state enterprises, to the State Property Agency. On the one hand, the already overloaded State Property Agency will be further burdened by preprivatization tasks. On the other hand, the state does not place state property in the hands of "real owners," but in the hands of bureaucrats and administrators instead. In support of the cabinet position, Hungarian Democratic Forum representative Janos Palotas, himself an entrepreneur, announced that he regarded the possibility that one of his managers made a legal statement or a decision concerning the fate of a given enterprise without asking him, as inconceivable. At the same time he expected a manager to inform him about emerging market opportunities and among these, about current alternatives for transformation. It seems that in the end the latter view will prevail in the course of debate.

Privatization Progress Report; Synthetics Joint Venture Established*91CH0030B Budapest NEPSZABADSAG in Hungarian 15 Sep 90 p 4*

[Unattributed article: "The State Property Agency (AVU) Is Privatizing; 20 Small Enterprises Waiting for Investors"]

[Text] In the framework of the First Privatization Program [EPP], 20 presently financially sound state enterprises will be transferred to private hands within a year and a half or two years. New privatization programs will be initiated soon after the EPP [as published]. These will involve firms which find themselves in difficult situations. In the course of three or four years the government intends to reduce the extent of state ownership by between 40 and 50 percent, an AVU press conference was told yesterday.

AVU managing director Lajos Csepi underscored the fact that of the approximately 3,300 billion forints' worth of state property, only between 100 billion and 150 billion forints' worth found new owners thus far. Enterprises participating in the EPP enjoy a satisfactory financial position, and significant interest manifests itself in purchasing these. To accelerate the process foreign investors are also expected, but in general the participatory share of foreign investors does not exceed 50 percent. The AVU expects to receive revenues amounting to between 25 billion and 40 billion forints from privatizing the 20 enterprises. Part of these funds will serve to reduce the state's indebtedness, while the remainder will be expended for people's economy purposes.

The EPP's most important goal is to begin practical implementation of the government's privatization program under the active management of the state. The AVU's aim with the EPP is to strengthen competition in the economy, to expand the capital market and to permit the evolution of the broadest possible stratum of small investors.

The best financial advisory firms will be selected by the AVU during the first phase of privatizing these enterprises. Applicants must submit to the AVU a privatization plan applicable to the firms selected within one to three months. Proposals will be judged by a committee of experts. Transfer of enterprises into private hands in the EPP framework will take place by way of selling stock, open and closed competitive bidding, and through ownership by workers. Plans call for transferring the first enterprises to private hands by the end of this year or by early 1991.

Responding to a question, Csepi acknowledged that privatization of the selected enterprises whose assets amount to about 33 billion forints, appears to be a very small step. But as Csepi said, they will also gain experience as a result of the EPP. The appraisal of assets is the program's critical point. For this reason the AVU insists that internationally accepted standards be followed in the course of the proceedings.

Just before the AVU made public the first designated group of enterprises for privatization, an agreement to establish a joint venture was signed in the National Gallery. The agreement establishes a firm by the name of Pannonpipe. The Hungarian founder is the Pannonplast

Synthetics Enterprise, designated by the AVU for privatization. Pannonplast will contribute several of its plants to the new synthetic pipe and bonding materials manufacturing firm. The other owners are the large Belgian Solvay chemical firm and the Austrian Wienerberger AG. Founding capital amounts to 1.220 billion forints, 50 percent of which was contributed by the Hungarian partner.

Responding to our question, Pannonplast president Erzsebet Feher said that the AVU entered the year-long negotiations two months ago, and that the agreement between the three firms was fully approved by the AVU.

Telephone Equipment Manufacture: Agreement With Austrian Firm

*91CH0023C Budapest NEPSZABADSAG in Hungarian
7 Sep 90 p 3*

[Unattributed article: "New Hope in Telephones"]

[Text] In recent times events leading to improvements in Hungarian telephony became more frequent. As part of this process an Austro-Hungarian joint venture was established yesterday to manufacture, install, and maintain branch exchanges. Dr. Ferenc Bindics, chairman and president of Datacoop announced that his firm reached an agreement with the more than 70-year-old Austrian Schrack Telecom AG, as a result of which a broad array of products will become available in Hungary, ranging from branch exchanges serving three or four extensions, to private nationwide networks. The third member of the new stock corporation is Comax Limited Liability Corporation [Kft], established by the Hungarian Postal Service last December.

Comax Managing Director Balazs Csiszer said that they are the largest installers of branch exchanges: They operate equipment corresponding to 400,000 extensions, mainly in Budapest. The fixed asset value of this equipment exceeds 3 billion forints, but almost half of it is obsolete. It includes some manual switching substations. Datacoop began manufacturing these products prior to the official establishment of the new firm. Based on results thus far the new branch exchanges will also be competitive on world markets.

Statistics Office Issues Jan-Jul Economic Performance Report

*91CH0023B Budapest FIGYELO in Hungarian
13 Sep 90 pp 1, 4*

[Unattributed report: "The First Seven Months"]

[Text] Industrial production in enterprises employing more than 50 persons declined by 10 percent during the first seven months of the year as compared to the same period last year, according to the most recent report released by the Central Statistics Office. Firms employing more than 300 workers registered most of the decline. At these enterprises the January through July

decline amounted to 12 percent, while production in enterprises employing between 50 and 300 employees increased by 21 percent. It is estimated that the performance of even smaller plants multiplied by 2.5, this growth, however, acted only to moderate the overall decline recorded in large enterprises. Base materials production showed the greatest decline of 17 percent during the period. Processing industry production declined by 10.1 percent, and the machine industry—part of the processing industry—registered a 15.4 percent decline. This year the number of specialized branches, and the extent to which production was reduced in these branches increased significantly. Three-fourths of the 62 specialized industrial branches (47 specialized branches) show reduced production. Of these, production in 20 branches declined by more than 20 percent, and in 16 branches by more than 10 percent. The decline was most significant in Borsod-Abaúj-Zemplen, Baranya, Nograd and Vas counties.

Preliminary data show that 7.9 million tons of eared grain—an average crop—was harvested by the farms. This represents a 4.1 percent decline as compared to the previous year. The 6.16 million tons of wheat grown amounts to 5.4 percent less than the volume produced a year earlier. The land area where wheat was grown shrunk by 1.7 percent, and the 5,040 kilograms average harvest per hectare is 3.8 percent less than the average harvest recorded in 1989.

The changing of foreign markets continued. Import purchases to be settled in rubles declined by 18 percent, while export sales fell by 32 percent. The purchase of imported goods payable in currencies other than the ruble declined by four percent, but exports on the same basis increased by 14 percent. The deficit created by transactions subject to settlement in rubles amounted to 166 million rubles, (as compared to the 374 million ruble deficit last year), while the surplus resulting from transactions subject to settlement in currencies other than the ruble amounted to \$604 million, five times the size of the previous year's surplus.

In terms of value calculated in foreign exchange, a lower value of industrial products payable for inconvertible currencies were sold during the first seven months than during the same period last year. The drop in price was most significant in regard to foundry products and synthetic base materials. Machine industry goods were sold at somewhat lower prices. Light industry prices stayed at previous levels, while food industry product prices were sold at 10 percent higher prices. The trade balance in the non-ruble relationship was influenced unfavorably by the energy-related commodities trade, which carries little weight anyway [as published]. As a result of reduced imports, subject to settlement in rubles, the importation of these cost 3.5 times more than before, causing a \$51 million excess expenditure.

Retail sales of goods at current prices increased by 12.9 percent. Considering price increases however, these sales declined by 10.6 percent as compared to the previous

year. Retail price levels during the period were 26.3 percent higher than a year before. Within this, price level increases in July alone amounted to 28.6 percent. Food prices show the greatest increase, amounting to 34.1 percent during the seven-month period.

Within the material branches, per capita average gross income amounted to 11,937 forints, 25.9 percent more than last year, but the net average income of 9,203 represents an increase of 21.5 percent. This is a result of the progressive character of the personal income tax.

Investments by business organizations declined significantly. While in 1989 investments increased by 16 percent as compared to 1988 investment levels, this year's increase amounts to only two percent. Considering price increases, this represents a nine-percent decline in the level of investments.

Consumer Price Index

91CH0030A Budapest MAGYAR HIRLAP
in Hungarian 15 Sep 90 p 6

[Central Statistics Office report]

[Text]

Consumer Price Index	
Main Expense Categories	Jan-Jun 1990 over Jan-Jun 1989 in percent
Food	133.3
Luxury goods	123.3
Clothing	120.4
Heating, household energy	124.4
Durable consumer goods	120.0
Other industrial goods	124.3
Services	124.3
TOTAL	125.7

It is worth looking into the details, even though the table demonstrates the substantial acceleration of price increases. From among the basic foods the price of eggs increased most, by 41.5 percent. Processed meat and fish prices increased by 38.1 percent. Housing and construction prices increased by 23.6 percent, while the price of automobiles increased by 25.7 percent.

POLAND

Possibility of Joint Venture in Methane Gas Production Discussed

90EP0871A Warsaw PRZEGLAD TYGODNIOWY
in Polish No 35, 2 Sep 90 p 7

[Article by Aleksy Kalenik: "More Gas—The Interest Is There, the Permit Is Lacking"]

[Text] Profit could be made on the methane locked in the rich deposits of gas-coke [as given] coal in the Rybnik Coal Region. This was the conclusion of an American

businessman, owner of the private McKenzie company, engaged in planning, drilling and exploitation operations in Texas and Alabama fields; he "placed on the table" an offer in the form of \$10 million for starters or for preliminary exploration and drilling. At the same time, he pledged investments amounting to \$20 million annually in subsequent years, up to a total of \$300 million. Or even more if it becomes profitable.

In Warsaw, meanwhile, this enthusiast for Rybnik coal region methane gave \$1 million to cover initial costs of negotiations and hotel bills, after which he moved to a less expensive residence and still is under the false impression that the matter will be settled. It has become stuck in our bureaucracy. There is no answer: neither yes, nor no.

"Three companies in addition to the one mentioned have expressed a desire to exploit the Rybnik coal region methane, including the American ICF Resources Incorporated and the Australian Seamgas Enterprises BHP," explains Jan Jonczak, director of the department of mine demethanation in Jastrzebie. After introductory discussions with all the companies and becoming acquainted with their technical and economic capabilities, the most appropriate seemed to be the proposal made by McKenzie, the company with which a Polish-American partnership, Pol-Tex-Methane, was to be formed. This bid includes complicated operations from the project of degasification of methane to its exploitation, inclusive. The subject was taken up by the workers council of the enterprise, independent since the beginning of the year, and on 28 March of this year it was approved unanimously.

Before initialing the final draft of the agreement, the mine obtained a license from the Ministry of Industry for demethanation of the coal deposit through apertures from the surface on the terrain of the Rybnik coal region. This was necessary authentication for the American partner. At the beginning of April, the Agency for Foreign Investments put together a final plan for joint venture partnerships. And here, as Jan Jonczak puts it, the hell of impotence begins. The agency asked for an opinion from the Ministry of Environmental Protection, Natural Resources and Forestry and from the Ministry of Industry.

In the final opinion, Dr. Wojciech Brochwicz-Lewinski, the chief state geologist and state undersecretary of the Ministry of Environmental Protection, Natural Resources and Forestry, wrote: "To summarize, my evaluation of the proposal to create a Pol-Tex-Methane partnership is positive taking into consideration the problems touched on in point 3, a, b, c, d of this letter."

The points mentioned are guarantees in the form of introducing a time limit for bringing the region into production within five years, for example, or losing the license, introducing a limit, 25 years, for example, to be the life of the license, and setting a minimum limit for investments for this region, a division into independent

lots of the mining region subject to the license, etc. In practice, this would mean a great risk for the partner supplying the capital and a small chance of getting a profit (for example, expiration of the permit, loss of license, etc.).

In discussions in the Ministry of Industry, other steps appeared. They are wondering, for example, why this partner and not another. Objections are raised that this idea was not coordinated with the establishing organ in spite of the fact that the mine was not the offspring of the department of industry but became such. Jan Jonczak says, "No one wants to sign a promise of a license. I don't understand what the problem is, whether it is reserving for Warsaw exclusivity in distribution of the capital or whether they don't want to let foreign capital into Silesia without control from the capital."

Meanwhile, the American partner waits. The only thing we don't know is how long he will be willing to pay for lodgings in Warsaw.

What is at stake?

Getting the gas, but most of all, the possibility of a safe outcome of the mining in certain regions, as for example, the Pawlowice field where methane is under such pressure in the deposit that taking on mining operations is

taking on a volcano. We are concerned also about exploiting the gas from nonexploited coal deposits. From a preliminary study of the areas, it seems that there is a possibility of getting approximately 1 billion cubic meters of methane annually. In the first phase of the undertaking to the point of making a profit, the American partner would have a 47 percent share, and the Polish partner, a 53 percent share.

Our domestic drilling capabilities are an archaic technology. They are several decades behind world technology in this area. Touching on the subject of recovering gas from great depths, up to 2000 meters and more, through apertures from the surface through full automation would mean introducing to our country a technology that we know only from technical literature, but which has been in use in the USA since the 1970's. Entering a methane deposit through apertures from the surface represents a possibility of demethanizing it by 80 percent while traditional primitive methods do so only by 35 percent.

Finally, for the Rybnik coal region, so poor in water, modern drilling would represent a great opportunity for eliminating the potable water shortage by obtaining water from quaternary depths.

HUNGARY

Interior Minister on Police Reform, Public Safety

90CH0258B Budapest *MAGYAR NEMZET*
in Hungarian 29 May 90 p 4

[Interview with Interior Minister Dr. Balazs Horvath by Peter Balla; place and date not given: "Important Interests Are Linked to Rigorous Public Security: Dr. Balazs Horvath on Relations Between Police and Society"—first two paragraphs are *MAGYAR NEMZET* introduction]

[Text] The least you can say about Dr. Jozsef Antall's government is that it does not find itself in an easy situation. Settlement of the bankruptcies that have accumulated over more than four decades is a task which requires courage and fortitude, no matter who the newly appointed administrator is. It seems that putting our economy in order comes before everything else, but the time may come when the government, according to the democratic rules of the game, is forced to step down because of the catastrophic rise in crime or the unsolved problems of environmental protection.

Since Thursday the director of the onetime bank palace on Roosevelt Square is a 48-year-old MDF [Hungarian Democratic Front] politician, Dr. Balazs Horvath. An expert in criminal negligence and a practitioner of law in Veszprem for more than two decades, he was characterized by one of the weekly newspapers as a pensive man. The press became acquainted with his name at political conciliation conferences where he was one of the elaborators of the municipality concept. We spoke with Interior Minister Balazs Horvath about issues missing from the government program: crime and criminal investigation, the police force and other armed bodies that belong to the ministry's machinery.

House With Passageway, Temptations

[Balla] To judge by the evidence of crime statistics, more than a quarter million crimes came to light in our country in 1989, and we failed to arrest the perpetrators of over 100,000 criminal acts. Has some kind of program been drawn up to curb this monumental crime wave?

[Balazs] Crime does indeed increase from year to year, but by no means to the alarming degree suggested by news items during the past 1 1/2-2 years. The point is we must acknowledge that statistics have been juggled and that only recently have people awakened to the truth: This sense of shock undoubtedly distorts reality. Opening the borders has encouraged crime. We have razed the barriers and in this sense the country has become a sort of house with a passageway leading through it. As a result of this openness, people are exposed to much greater temptations than before and have at their disposal more devices with which to boost their inner urges. They are able to loosen the moral restraints when they decide to commit some kind of

crime or misdeed. Analyzing the objective and subjective causes of crime, we must not forget that during the past two years the buildup of a system of safeguards has begun without the corresponding development of a criminal investigation apparatus. The scissors swung open, and what is well-known in theory happened: Crime continued to rise. Calling people to account has emerged as a serious crime-prevention measure but, in the minds of some, only as a remote possibility. And with the disintegration of religion, the moral dikes have burst.

[Balla] Has knowledge of the causes of crime brought the experts closer to a solution?

[Balazs] Returning to your previous question, I can affirm that for a long time the program has been at the disposal of the Interior Ministry, but for various reasons no one has so far been able to translate it into practice. The package of measures is the following: We will reorganize the system of training police officers; ideological subjects will be removed from the curriculum; and we will pay special attention to on-the-job training. We would like the police staff to consist of people with the moral fiber and intellectual capacity to be able to give a professional response to the challenges of crime. We must restore police confidence and place the relationship between police and society on a new foundation. Nowadays the law enforcement officer is enormously isolated. The only protection he has is a weapon that he cannot use and a uniform that has been more or less discredited. Of course, rules and regulations more explicit and less ambiguous than today's will be needed for specific procedures. The police chiefs no doubt feel insecure. I can assure them that they will be able to keep their jobs, but they must work and, as members of the community, must not engage in politics.

Outmoded Techniques

[Balla] We have been informed by the chief district attorney's assistant that there is one police officer for every 427 inhabitants of Hungary. Twelve to fifteen percent of the permanent and essentially unchanged jobs established in the late 1950's are vacant. Aside from what was said, how do you intend to make this morally and materially underappreciated profession attractive?

[Balazs] In order for us to be able to pick and choose from among the applicants, we must first improve the pay. I consider it our primary goal to adopt the standard European system in which a police officer earns at least as much as a railroad worker. Nor can I fail to mention that at the technical level our police force is 20-30 years behind the rest of Europe. In any case, this must be changed, and it, too, is a question of money. I know the economy cannot tolerate too much, but I hope the government realizes that important social and political interests are linked to rigorous public security and that this cannot be achieved without a modern investigative apparatus.

[Balla] At the hearing before the parliamentary committee, it seemed to be that too many hopes were pinned on separating the budgets of the Interior Ministry and the

National Police Headquarters. Where do we get the money for pay raises and really urgent technical improvements?

[Balazs] It will give the police selfconfidence if we separate their budget from that of the Interior Ministry. In my opinion, not only will pecuniary resources be freed but the entire economy is more sensible and judicious: a kind of "economic awareness" develops. I know, of course, that this in itself will not solve the problem, but if it succeeds, there will be a moral basis adequate for me to stand before the government and request the necessary financial support.

[Balla] Do you agree that in the future the border patrol should be entrusted to professional soldiers and so-called border adjustment to the police?

[Balazs] The tasks of patrolling and adjusting the borders must indeed be kept separate. Adjustment is currently handled by the border guards, who fall under the Interior Ministry. But I want to keep border patrol within the compass of this ministry. If in the current international situation we transferred this task to the Defense Ministry, it might look as if we assigned soldiers afraid of attack to protect the borders. Protection of the borders is, of course, a serious military task for which considerable forces are necessary. Then again, protection of the borders is a matter of domestic surveillance which must be entrusted chiefly to those who live in the area and who have a satisfactory knowledge of the local terrain. Nor for the time can we dispense with the work of the standing army. In my opinion, it would be expedient to have the job of border surveillance performed by those who now fulfill the function of customs officers. I would like to emphasize that these are just my personal ideas, nothing official, if you please, not a viewpoint that tallies with that of the finance minister.

Close to Citizens

[Balla] Because of your notions concerning expansion of the fire department's tasks, one weekly newspaper, among several others, suspects you of being militaristic, arguing that for expansion to occur it would be necessary to link civil defense to the Interior Ministry. Is that what it really comes down to?

[Balazs] The decision to transfer civil defense to the Interior Ministry starting 1 July was not made by this government, but I agree with it. The fire department performs its basic task—fighting fires and other elemental disasters—to the public's satisfaction, but to a certain degree the unfortunate facts of life have transcended this situation. Saving lives and averting catastrophes require more personnel and appropriate equipment, and in this respect civil defense can help the fire department. I would like the fire department to come under the control of the municipalities, as in the previously outlined concept. Looking to the future, I do not rule out "atrophy" of the state fire department, but this organization is badly needed under the present circumstances.

[Balla] You consider the "gentler" version of municipal police acceptable. How much greater say will the local residents have in the safety of their immediate environment than they currently do?

[Balazs] Given the current state of crime, the only conceivable mode of criminal investigation is a centralized, hard-hitting organization. Not to mention the fact that in some places the municipalities would be unable to cope with the financial burden of upkeep. For that matter, a "pure" prototype for municipal police cannot be found anywhere in Europe. The Federal Republic of Germany gave it a try about 30 years ago, but it did not catch on. It is extremely important for the police to stay close to the citizenry, but if the entire scheme of personal and material conditions for police operations is left to the municipalities, then dependency could turn into a hotbed of corruption. The municipalities, should they come into being, would have greater license than is currently the case, partly because the municipality must approve the selection or the nomination—this is still an undecided issue—of certain police officials, and partly because, with respect to certain tasks, the municipality chiefs will have the right to issue direct orders.

[Balla] And finally a somewhat personal question. The Sunday papers reported the court decision in a case in which you were the complainant. It happened in the autumn of 1989 that as representative of the MDF's Veszprem organization you brought suit against Dr. T. Ivan Berend over a statement, which appeared in the NEW YORKER magazine, alluding to anti-Semitism by the MDF's popular wing. What is your opinion of the legally binding decision by the Capital City Court?

[Balazs] For want of a criminal act, the court of second instance dismissed the charges against the academician. Just before the elections, in the presence of Dr. Jozsef Antall, Dr. T. Ivan Berend and I cleared up the misunderstanding. What happened is that the American magazine quoted a single sentence out of context. I appealed the ruling of the Pest Central District Court solely because I did not agree that a legal entity—the MDF, as it happens—could not in principle be the party injured by slander. The court of second instance revised this legal standpoint. Regarding the merits of the case, it follows from the foregoing that Dr. T. Ivan Berend did not slander the MDF.

Medical Authorities Dispute Legitimacy of Tengiz Health Complaints

91CH0024A Budapest NEPSZABADSAG in Hungarian
11 Sep 90 p 8

[Article by Zsuzsa Regos: "Epidemiology Experts Leave for Tengiz Today—Sequestered Medical Records"]

[Text] Not too long ago I traveled to a small Trans-Danubian settlement without suspicion, just to enjoy the relaxing romantic atmosphere of reviving tourism in the villages. I was not disappointed. But in questioning my host as to the resources and ways in which he began his

enterprise, I found out that the initial capital had its origins in Tengiz. He still awaits continued funding in the form of disability settlements.

The seemingly healthy man of 40 served as a bus driver in the semidesert of Khazakstan for almost two years. He had heard and seen more of the realities there than most of his fellow workers. He frequently drove around leaders not willing to mix with the "lower people." For this reason he made unnecessary 100-kilometer-long trips in sand storms quite a few times. The after effects of the time he spent out there are still working in his bones and lungs; his mind is filled with bad memories.

Much is said these days about the conditions of the Tengiz construction projects. Horror stories published by the press obviously have some truth to them, although for the time being no authentic proof is available. Ferenc Derczy, President and Chairman of Chemical Plant Construction and Assembly Inc.,—the main contractor in charge of "directing" the investment—says that they have done everything they could. In the mid-1980's they established existential conditions in the immediate vicinity of the Caspian Sea, admired by West Europeans and Americans alike. They were the ones who delivered the machinery and technology. To this date, they visit the restaurant in Hungarian Ujvaros to have a good meal, and frequently take advantage of the available medical services.

Meanwhile the workers are being examined by physicians, and their cases by various parliamentary expert groups. Just why did so many people become disabled as a result of working out there? Hardly any reason was found other than the fact that the physical examination of those departing for Tengiz was not quite perfect, and that there were some local shortcomings. The investor claims that upon applying, and prior to departure, residents of the camp were informed both verbally and in writing. At peak time these residents numbered 5,300; at present between 1,200 and 1,300 people work out there. They should have known very well what they were entering into for the average annual salary of 450,000 forints plus a monthly income of 400 rubles.

Most certainly, they did not pay all that money for the distance, according to Dr. Tibor Strasser, the principal contractor's attorney. Living conditions inconsistent with European standards, dangerous working, and extreme climactic, conditions, and stringent local rules of conduct are implicit in income amounting to triple or quadruple that earned in Hungary. Similarly, in the framework of this investment, just as in investment projects in Hungary, some unexpected events may occur, and of course one cannot rule out from the outset the possibility of abuse by the management. No one provided advance guarantees to the effect that these things can be avoided. Those who applied to work out there must have counted on the known and unknown contagious diseases, just as they must have expected spiritual hardship as a result of being closed in.

No lapses in health care provisions occurred in Tengiz, according to a parliamentary committee finding based on expert opinion. Dr. Lajos Beleccki, deputy director of the National Labor and Plant Health Institute [OMUI] is unaware of diseases that occurred at the investment project and which could have been "acquired" only in Tengiz. Based on his own experience, and aware of test results produced by medical instruments now in the possession of the Institute, Beleccki dares to say with his full sense of responsibility that working conditions of a standard similar to those at Tengiz cannot be established in many places in Hungary.

The Institute maintains statistical records for workers returning from Tengiz. Almost half of the causes of illness relate to industrial accidents involving fractured and disjointed bones. The other half of the illnesses were not particularly surprising either: locomotor, digestive, nervous, and heart disorders, and high blood pressure were involved. The occurrence pattern of these diseases did not differ at all from the Hungarian average. A majority of the people returned to Khazakstan after a few weeks of recovery. Thus far they have not heard of unknown bacterial infections, nor of snake or scorpion bites, even though they are in daily contact with the health service in Khazakstan. Similarly, they could not find damaging quantities of hydrogen sulfide or radioactive materials in the residential camp or at the workplaces. Forty-six persons applied for follow-up examinations recommended by the Ministry of Public Welfare. These were performed by social security medical experts. OMUI is not aware of the results, because the material has been sequestered. Most of the 11,000 people who worked in Tengiz during the past five years are around the age of 40. At this age problems requiring medical attention and therapy, but which do not substantially affect life expectancy occur, irrespective of working and living conditions, according to experts. Being overworked, stress situations may cause digestive problems, stomach and duodenum ulcers, heart complaints and fluctuations in blood pressure. Unusual climactic conditions may accelerate or aggravate these processes. In the physician's view, in the course of the unusually stringent preliminary medical examinations some of the people destined to travel to Tengiz intentionally failed to reveal certain matters. For example, they did not tell about prior heart complaints or stomach ulcers, or they did not admit their alcohol consumption habits. No instrument can reveal these untold diseases unless organic changes took place, even though they are sources of serious danger. Many noticed evolving troubles out there, but frightened of being sent home they either did not seek medical help, or did so when it was too late.

In these days everyone is watching what is going on and what took place before at this large investment project in the Soviet Union. Health examinations and the evaluation of results progress slowly. For the time being the facts of Tengiz are veiled, just as many other matters were in the past. Today a ministerial committee is departing for Tengiz to investigate the causes of recent

complaints about diarrhea, which became a chronic complaint. The hygienist who regularly collects stool samples gave no indication of a possible bacterial infection. A viral disease spreading among the workers is possible, however. We will learn from assessments made by epidemiologists whether a sporadic or a mass infection exists in Tengiz.

Unprotected Railroads: 6,700 Freight Train Robberies in 1989

*90CH0258A Budapest MAGYAR HIRLAP
in Hungarian 12 May 90 p 3*

[Article by Illes: "Freight Cars Are Plundered: Railway Police Are No Solution"]

[Text] The number of freight car robberies assumed alarming proportions during the past year. The managers of Budapest MAV [Hungarian State Railways], which includes the region of Győr-Sopron, Komárom, Pest, Nógrád, and Fejér counties, last year reported more than 6,700 incidents. The cost of the damage—70 million forints—was twice that of the previous year. It is therefore understandable that the country's biggest enterprise continues to demand reinstatement of the old railway police.

"That would not fundamentally improve the situation, because goods are moved across the entire country. So freight cannot be under the constant supervision of police. By reviving the railway police, MAV is at best shifting the burden of responsibility," said Lieutenant Colonel Peter Kadar, head of the industry and transport subdepartment at Budapest Police Headquarters. In his opinion, MAV could prevent the robbery, or pilferage, of freight cars only if it followed its earlier practice, i.e., if there were railway guards and brakemen. Depending on the number of cars, there used to be four or five of them who accompanied, and accepted responsibility for, the train entrusted to them. Nowadays the engineer of each freight train is virtually on his own. So it is no wonder that criminals break into train cars standing on open track and that robbery is an everyday event in freight yards.

Nearly every train that runs "gets stolen." Assorted beverages stand at the head of the list of stolen articles. Next in order are food, clothes, and technical items. The theft of auto parts has also increased: Something is nearly always missing from the automobiles transported on open freight cars. It would take quite a police officer to discover where the merchandise vanished along hundreds of kilometers of track. Yet each case must be investigated if there is solid reason to suspect a crime.

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