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CZECHOSLOVAKIA

Czechoslovakism Defended

90CH0417A Prague LIDOVE NOVINY in Czech
4 Sept 90 p 9

[Article by Pavel Kalensky and Alois Wagner: "What Kind of Constitution?"]

[Text] If it is true that states are sustained by the ideas from which they sprang, then the basis for drafting the new constitution should be the most democratic constitution this state ever had, that is, the constitution of the first Czechoslovak Republic which was certainly infused with a different spirit, a different concept of democracy than the Ninth-of-May Constitution or the truncated version from the year 1960 which still applied for the enactment of the law on Czechoslovak Federation in 1968.

In fact, the current and officially proposed form of federation is not accepted by a considerable part of our population with general acquiescence and without reservations. The tendencies toward autonomy in Moravia, which at this time manifest themselves in rather unfortunate ways and result, following the example of the Slovak nationalists, in proposals for a Moravian regional structure within the framework of the Czech Republic, should and could result in something entirely different—a regional administrative structure of the entire Czechoslovak state. Without a doubt, within such a structure all the national interests could be brought to bear, not only for the Czechs, Moravians and Silesians, and Slovaks, but also for the Hungarians, Poles, and other nationalities. In any case, the Hungarian minority, which lives in Slovakia as a cohesive group, makes the "national" character of the Slovak Republic highly dubious and untenable. That way—on the basis of a regional structure, as the proven and rational form of the internal federative structure of the state, similarly as in the FRG and Austria—the Czechoslovak state, too, could, without detriment to the individual and local, more or less justified interests, rationally satisfy the demands for the nature of a state which is considering joining an integrated Europe.

The idea, which is summarily and a priori determined to be "dead" is, however, central to this discussion. It is the question of "Czechoslovakism." According to our thinking its a priori denouncement is wrong, in fact the idea of a unified Czechoslovak nation is being confused, totally in contradiction to the elementary rules of logic, with the concept of a state structure which does not have to be—as the example of Switzerland shows—based on a "nationalist" principle. Such condemnation is an unfortunate legacy from the past, beginning with an "independent" Slovak state and ending with the law on the Czechoslovak Federation of 1968, whose sources of ideas would merit a detailed historical, political, and legal analysis. Here one can only point out that the idea of a Czechoslovak nation helped the Slovaks in particular to survive and moreover helped them during the determination of the Slovak borders with Hungary.

Much has been said already about the misuse of Slovak national interests in breaking up the republic in 1938 and during the creation of a Slovak state in 1939. The statements not only of the Social Democrat Derer, of Srobar, or even Andrej Hlinka himself, about the nature and substance of the coexistence of Czechs and Slovaks in a common state have also been rightly quoted. But the existence of the Czechoslovak state was condemned in one of his speeches before the Munich crisis by somebody else, by Adolf Hitler himself, in his speech on 25 September 1938. He did so in a manner which truly demands to be quoted: "....This Czechoslovak state began with a single, initial lie. Czechoslovakia owes thanks for its existence to it. The father of that lie was named Benes. Benes at that time spoke in Versailles and asserted that a Czechoslovak nation exists. He had to think up this lie in order to give the meager number of his own countrymen a wider, and thus also a more justifiable, impact. And the Anglo-Saxon statesmen, who were not too well versed in geographical and nationalistic questions, did not then deem it necessary to verify this assertion of Mr Benes; otherwise they could have found out that a Czechoslovak nation does not exist, but that there are Czechs and Slovaks, and Slovaks want nothing to do with the Czechs. And so these Czechs annexed Slovakia".... (quoted according to E. Benes, *Mnichovske Dny* [Munich Days], published by Svoboda 1988, page 298). His view became the basic concept of the fascist Slovak state defeated in the Second World War and saved from the fate of its Nazi lords and its other allies only by the proclamation of loyalty to the Czechoslovak Republic in the Slovak National Uprising. The Communist's chase after votes steered even that party toward nationalism with which it courted popularity with the voters, not even mentioning the considerable effort of the leading figures in that party to found a Slovak Soviet Socialist Republic.

But what was the real view of Edvard Benes, a statesman very unpopular—undeservedly—with the current Slovak representation, on the coexistence of Czechs and Slovaks and their common state? Several quotations will again serve us. In his *Uvahy o Slovanstvi* [On Slavism] (published by Cin, 1947, pp 330-355) he again returns to these issues. He writes: "I urge all patriotic Slovaks and Czechs to show responsibility to history and I ask them to understand the developments in Europe in the sense of creating numerically strong national units and give up the day to day, unnecessary quarrels, conflicts, and personal dislikes", and further: "I am not for separatism and autonomism, because all our national adversaries around us as well as at home, knowing full well what is at stake, support this separatism and autonomism, they promote them by their propaganda here and abroad, and they are carrying on an amazingly strong assault on all our unifying forces and efforts..." "A certain decentralization flows logically from the principle of democracy. We can easily agree on that" (sic!). "I am in favor of a Czechoslovak decentralized state, for giving the Slovaks everything that is due them, and for building a new Czechoslovak spiritual and political consciousness between two constituent parts possessing equal rights. I am in favor of creating a new Czechoslovakism—more perfect and more modern.... I repeat: The relationship of Czechs and Slovaks

will not stand another year such as 1939." It is surprising that the current discussion totally ignores these prudent thoughts and negates their message.

It must be said that this unfortunate legacy, which ought to have been denounced first and foremost by the Slovaks as a relic from the past, has entered into consciousness on a rather broad scale in all its nakedness during the past several months. A negative reaction to the manifested nationalism by a majority of the Czechs is certainly fully understandable.

What is not understandable, however, is why our society, which has written the idea of democracy on its escutcheon, does not verify in an opinion poll, perhaps a referendum, whether not only the Slovaks but also the Czechs feel themselves to be "only Czechs" or "only Slovaks", or, above all, if they feel to be Czechoslovaks as well. The idea of a federation of two national states, raised to power by irrational disputes over jurisdiction, which is so reminiscent of the negative features of the Austro-Hungarian dualism, carries within it many dangers which we confront every day and which have the capacity to lead to a disintegration of the state unit. Such dangers, however, are almost out of the question in a federal state with a regional structure, such as the unified Germany, Austria, or Switzerland.

Law on Official Name, Emblem, Flag, Anthem of Slovak Republic

90CH0364A Bratislava NARODNA OBRODA in Slovak
21 Jun 90 p 12

["Text" of Constitutional Law of the Slovak National Council on the Name, State Emblem, State Flag, State Seal, and State Anthem of the Slovak Republic]

[Text] The Slovak National Council enacted the following constitutional law:

Article I

1. The name "Slovak Socialist Republic" is changed to "Slovak Republic."
2. If in existing constitutional and other laws the name Slovak Socialist Republic is used, Slovak Republic is understood.

Article II

STATE EMBLEM

1. The state emblem of the Slovak Republic is a red Early Gothic shield with a double silver cross standing on the middle one of three blue hillocks.
2. An illustration of the state emblem of the Slovak Republic constitutes Appendix No. 1 of this law.

Article III

STATE FLAG

1. The state flag of the Slovak Republic consists of three horizontal stripes, white, blue and red arranged under each other. Its dimensions are 2:3.
2. An illustration of the state flag of the Slovak Republic constitutes Appendix 2 of this law.

Article IV

STATE SEAL

1. The state seal of the Slovak Republic consists of the state seal of the Slovak Republic surrounded by a circle in which are written the words "Slovak Republic". The diameter of the state seal is 45 mm.
2. A detailed illustration of the state seal of the Slovak Republic constitutes Appendix 3 of this law.

Article V

STATE ANTHEM

1. The state anthem of the Slovak Republic are the first two stanzas of the song by Janko Matusek "Nad Tatrou sa blýska".
2. The text of the state anthem of the Slovak Republic and its music notation constitute Appendix 4 of this law.

Article VI

The use of the state emblem, state flag, state seal, and state anthem is regulated by the law of the Slovak National Council.

Article VII

This constitutional law goes into effect on the day of its proclamation.

Law of the Slovak National Council of 1 March 1990

on the use of the state emblem,
state flag, state seal, and state anthem
of the Slovak Republic.

The Slovak National Council enacted the following law:

Section 1

1. The state emblem of the Slovak Republic on documents, rubber stamps, and official stamps is used by:
 - a. the Slovak National Council and its Presidium, the Office of the Slovak National Council,
 - b. the Government of the Slovak Republic, its Presidium and the Office of the Government of the Slovak Republic,

c. ministries and other government agencies of the Slovak Republic,

d. national committees,

e. courts, prosecutors, state notaries, and state arbitration of the Slovak Republic.

2. The state emblem of the Slovak Republic may be used according to individual rules by:

a. the Slovak Academy of Sciences and its agencies, possibly also other scientific institutions,

b. state museums and galleries, and other cultural institutions,

c. state schools,

d. state banking institutions, the Slovak State Savings Bank, and the Slovak State Insurance Agency.

Section 2

The state emblem of the Slovak Republic is used:

a. on the insignia of the chairmen of national committees,

b. on the insignia of orders and decorations of the Slovak Republic,

c. in the conference and meeting halls of government agencies, especially in election halls and in ceremonial halls, on Slovak national monuments,

d. on the borders of the Slovak Republic,

e. to mark state nature preserves,

f. on official identification documents of public officials, functionaries, and employees of government agencies of the Slovak Republic.

Section 3

1. The state seal of the Slovak Republic is in the safekeeping of the chairman of the Slovak National Council.

2. The documents, seals, and official rubber stamps with the state emblem of the Slovak Republic are used only when the document contains a resolution or decision of government agencies of the Slovak Republic, or if in question is a document which verifies important facts or authorization (for example, a birth certificate, marriage certificate, death certificate, school report or diploma).

3. Documents, seals, and official rubber stamps with the emblem of the Slovak Republic are not used in general correspondence.

Section 4

1. The state emblem of the Slovak Republic is used on buildings in which agencies and organizations mentioned in Section 1 have their quarters.

2. The buildings are marked with the state emblem of the Slovak Republic which must not be part of the name plate of the agency or organization.

3. As the emblem of the Slovak Republic is considered also its monochrome representation in metal, ceramic or other material if the representation conforms with the state emblem of the Slovak Republic.

Section 5

1. The state flag of the Slovak Republic is attached to a flagpole and furnished with equipment for raising it.

2. Government agencies and organization mentioned in Section 1, Paragraph 1, use the state flag of the Slovak Republic on the occasion of state holidays and days important for the State.

3. Directive for displaying the state flag is issued by:

a. the Ministry of Interior of the Slovak Republic if there is an official occasion of importance for the Republic,

b. a national committee if there is an official occasion of local importance.

4. The displaying of the state flag on buildings of the Slovak National Council is determined by the Presidium of the Slovak National Council.

5. If both the state flag of the Czech and Slovak Federal Republic and the state flag of the Slovak Republic are displayed, they are placed at equal height next to each other, the state flag of the Czech and Slovak Federal Republic being placed on the left when facing it.

6. If state flags of other countries are also being displayed, the state flag of the Czech and Slovak Federal Republic and the state flag of the Slovak Republic are placed in the place of honor.

7. If the state flag of the Slovak Republic and a municipal flag are being displayed at the same time, they are placed at equal height next to each other, the state flag of the Slovak Republic being displayed on the left when facing it.

Section 6

1. The state standard of the Slovak Republic is a state symbol made in the image of the state flag. The ratio of the width and length of the state standard is set so that the length of the standard is not more than three times its width.

2. To the use of the state standard apply the provisions in Section 5.

Section 7

The Ministry of Interior of the Slovak Republic will determine by a generally binding legal rule the details of using the state emblem, state flag, state standard, state

seal, and the state anthem of the Slovak Republic, and it will determine in particular:

a. in which instances and on which documents the state emblem as well as the state seal of the Slovak Republic will be used,

b. in which instances to use the state emblem of the Slovak Republic on the borders of the Slovak Republic,

c. at which occasions will be used, besides the state flag of the Slovak Republic, the state flag of the Czech and Slovak Federal Republic or a municipal flag.

d. on which occasions will be played the state anthem of the Slovak Republic instead of the state anthem of the Czech and Slovak Federal Republic.

Section 8

This law goes into force on the day of its proclamation.

Text of Amended Law on Czechoslovak Citizenship

90CH0366A Bratislava NARODNA OBRODA in Slovak
9 Jul 90 p 12

["Text" of law which amends and supplements rules for gaining and losing Czechoslovak citizenship"]

[Text] The Federal Assembly of the Czech and Slovak Federal Republic enacted the following law:

Chapter I

1. Law No. 194/1949, Collection of CSSR Laws on gaining and losing Czechoslovak citizenship in the version of Law No. 72/1958 and Law No. 165/1968 is changed as follows:

The provision in Section 7 of Law No. 194/1949 on gaining and losing Czechoslovak citizenship in the version of Law No. 72/1958 is omitted.

2. The provisions of Section 14 of the Law of the Czech National Council No. 39/1969 on gaining and losing state citizenship of the Czech Republic in the wording of the legal measure of the Presidium of the Czech National Council No. 124/1969, which amends and supplements Law No. 39/1969, the statutes of Section 15 of the law of the Slovak National Council No. 206/1968 on gaining and losing state citizenship of the Slovak Republic, are hereby made invalid.

Chapter II

1.

a) Decisions on revoking citizenship issued according to regulations stated in Chapter I are rescinded with effect from the time of their issue.

b) Persons whose citizenship has been revoked are considered from the time this law comes into effect as persons released from membership in the state.

2.

a) If a person, to whom the decision mentioned in paragraph 1, letter a) applies, wishes to remain a Czechoslovak citizen, he can notify in writing by 31 December 1993 at the latest directly or through a diplomatic mission or a consular office of the Czech and Slovak Federal Republic abroad the appropriate central government agency, 1) [as published] according to in which of the republics his last permanent place of residence was. If he does that, it will be assumed that he did not cease to be a Czechoslovak citizen, and shall suffer no prejudice because of it.

b) The effects mentioned in Paragraph 2, letter a), second sentence, go into force when the notification of the citizen arrives at the appropriate government agency, and that agency issues a certificate to him.

3.

a) Persons who were released from membership in the state during the period between 1 October 1949 and 31 December 1989, will be granted citizenship if they request it by 31 December 1993 at the latest directly or through a diplomatic mission or a consular office of the Czech and Slovak Federal Republic abroad from the appropriate government central agency.

b) Citizenship cannot be granted according to Paragraph 3 letter a) if that would be in conflict with international obligation which the Czech and Slovak Federal Republic assumed.

Chapter III

This law goes into force on the day of its publication.

1. Law of the Czech National Council No. 2/1969 on establishing ministries and other central government agencies of the Czech Republic in wording of the latest regulations.

Law of the Slovak National Council No. 207/1968 on establishing ministries and other central government agencies of the Slovak Republic in wording of the latest regulations.

POLAND

Future Warsaw Pact, NATO Relations Examined

90EP0873A Warsaw ZOLNIERZ

RZECZYPOSPOLITEJ in Polish 12 Sep 90 pp 1, 3

[Interview with government plenipotentiary for negotiations on the reform of Warsaw Pact Director Jerzy Nowak, Department of European Institutions, Ministry of Foreign Affairs, by Jerzy Rajch; place and date not given: "The Road to Security"]

[Text] [Rajch] It is a truism that lately European relations have been experiencing profound changes.

[Nowak] True. These changes concern chiefly Central-Eastern Europe and the Soviet Union. To be sure, they are of a peaceful nature, but essentially they are revolutionary. They have made pointless the longtime confrontation along the East-West line. Changes also have taken place in Western countries, but to a smaller extent, in the sense that over there the feeling of threat from the direction of the Soviet Union and the Warsaw Pact has markedly dwindled. This bore fruit in the form of attempts to eliminate offensive components of military doctrines and concepts. Europe as a whole now faces the problem of a major transformation of the existing security system.

[Rajch] Despite the absence of a sharp ideological division in Europe the existing two military blocs remain part of the geopolitical realities of the continent. The disintegration of Warsaw Pact is causing East-West relations to become somewhat asymmetrical. Might not this skewing result in destabilizing European security?

[Nowak] The North Atlantic Treaty Organization alliance is a sound, effective, and efficient organism. It has proved to be so many times, also recently in face of the crisis in the Middle East. It is based on a strong community of values and ideals which are cherished by all the members of that bloc.

Warsaw Pact, on the other hand, is progressively disintegrating. It is being abandoned by one of its members, the German Democratic Republic, which is ceasing to be a subject of international law. The elimination of the ideological mortar binding the Warsaw Pact has revealed the vacuity of its socio-philosophical values, which were supposed to integrate this entire bloc.

Of course, this is causing a certain vacuum and asymmetry, but this is no major threat. For the sensation of a threat is disappearing in Europe, and to Poland NATO has ceased to be viewed as an enemy or an adversary.

[Rajch] What then is the sense of the existence of the Warsaw Pact or of our participation in it?

[Nowak] Central-Eastern Europe is not too stable. A sudden dissolution of the Warsaw Pact could create a vacuum which various forces, e.g., chauvinist-nationalist ones, might try to fill. Moreover, there exists a need for a joint discussion and resolution of disarmament issues, because under the agreement currently being negotiated in Vienna the member countries of the Warsaw Pact are treated as a group. Lastly, for some time still the Warsaw Pact could participate in the dialogue on European security.

Thus, the Warsaw Pact should change so as to provide a platform for countries consulting each other on issues of preserving stability in Europe and in our region and concerning disarmament and the building of a new system for security on the continent. It would also remain a pact on collective self-defense, in accordance with Article 51 of the United Nations Charter.

The structures of Warsaw Pact are continuing to function by virtue of their own inertia, although some of its institutions have gone hibernating, so to speak. At present we are negotiating the issue of the future of its military structures.

[Rajch] Does Vienna sanction the existence of the old bloc order in Europe?

[Nowak] Only to some extent. The present mandate of the negotiations requires, to be sure, the existence of not alliances but groups of countries. We are in a difficult transition period for Europe. Old institutions still operate and new ones have not yet been fully established or are not yet capable of operating. Hence, the existing institutions and structures should be utilized. Let us reduce armaments in Europe insofar as possible, especially in Central Europe, and then we shall consider how to democratize principal planes of negotiations.

[Rajch] In view of this, how can the Polish Republic define for itself its place in Europe?

[Nowak] At present we have not decided to resign from Warsaw Pact, although we desire to withdraw from its military structures. We visualize our role in that pact as similar to that of France in NATO. To us only a pact of a consultative-defense nature is acceptable. We are extremely cautious in our moves, although our concepts are much more advanced than those of other members of the Pact, with the possible exception of Hungary. As things exist, we are exploring every opportunity to reinforce the process of stabilization and security. Let me add that we can exclude no option, meaning dissolution of or withdrawal from Warsaw Pact.

[Rajch] We might then want to join NATO, might not we?

[Nowak] We are not considering this possibility, and the other side also is not considering it at present. We do not view NATO as an adversary, and we do not either view it as presenting any threat to our security. On the contrary, we perceive the positive aspects of NATO. We have established close contacts, as demonstrated by last March's visit of Minister Krzysztof Skubiszewski to NATO Headquarters in Brussels, the establishment of permanent diplomatic contacts between Poland and that headquarters, and, lastly, the visit of NATO Secretary General Manfred Woerner to Poland, scheduled to begin 13 September.

This may sound as somewhat a shock, but we identify ourselves with the political part of the London NATO summit declaration. We have always supported the maintenance of peace, stability, and security, and the growth of cooperation in every domain as well as disarmament, and thus these objectives of NATO are identical with our own.

[Rajch] This signifies a change in our stance toward the North Atlantic Treaty Organization.

[Nowak] yes, in the course of the last 12 months we have changed our attitude toward NATO. We now appreciate

its role as a stabilizing factor in Europe. This is to the credit of the policy of the government headed by Tadeusz Mazowiecki.

[Rajch] Could you define more precisely Poland's expectations relating to the existence and development of NATO?

[Nowak] Fundamental to the Polish *raison d'état* is the consistent promotion by NATO of the second—after defense—component of its policy, that is, the building of security and the creation of conditions favoring security on the Old Continent. These two lines of policy, that is defense and at the same time promotion of peace, were integrated in the so-called Hermel Report of 1967, which remains binding to this day. To us it is, of course, the second component of that policy that matters most. If NATO continues to evolve clearly in that direction, we shall be interested in extremely close association, perhaps in the capacity of an observer. If, on the other hand, NATO were to comprise the entire CSCE [Conference on Security and Cooperation in Europe] community, that is, the European-United States-Canadian community, in theory our joining it could be considered. For the time being, however, that is just one of the prospects.

We desire that NATO treat entire Europe as an area with common security interests, without division into East and West. In this connection, it is essential that the Soviet Union be not relegated to the margin but included in European processes.

[Rajch] Poland has authored certain concepts of the institutionalization of democratic, peaceful, and stabilizing processes in Europe. What is their nature, and how are they perceived and accepted by other countries?

[Nowak] Poland has independently formulated—and offered through Premier Mazowiecki—a proposal to establish the Council for European Cooperation. That would be a form of political institutionalization of the Helsinki process. We joined the Czech and Slovak Federal Republic and the German Democratic Republic in a proposal for establishing the Council for Security and Cooperation in Europe. That would serve as the basis for establishing centers for the prevention and resolution of conflicts and for arms verification and monitoring. These ideas were warmly received in Vienna and are currently being negotiated.

[Rajch] In November there will be a [CSCE] summit meeting in Paris. Will there be a chance for translating these ideas into reality at least partially at that summit?

[Nowak] They already are more than mere ideas. Of a certainty the summit will accept some of the proposed forms and establish a center endowed with specific executive powers. It might be located in Berlin, as that is what Germany wants, and that probably would be a good solution, since it would tie Germany to the Helsinki process.

[Rajch] What is at present the basis for our feeling of national security, and how do we perceive the future of the building of European security?

[Nowak] A condition for the security of any country, including Poland, is good relations with its neighbors, internal stability based on democracy, an efficient and effective economy, and a strong—and not necessarily large—modernized army. That should be our objective.

European security? I think that it should be based on the process initiated 15 years ago in Helsinki, on the creation and development of its political institutions of the working kind, comprising all domains of life from economy through ecology to moral issues. All the positively functioning and operating institutions of the NATO and Warsaw Pact—if the latter survives—alliances should be enlisted in these activities. We perceive our future as becoming a member of the European Community, with strong ties to our neighbors.

[Rajch] Manfred Woerner's visit to Poland is approaching. What do we expect from it?

[Nowak] We desire to familiarize the secretary general of NATO more closely and thoroughly with the problems of the security of Europe and our region as perceived from Warsaw. Our geographical location between the Soviet Union and Germany may in the future affect the situation in this region of Europe. We shall discuss perspectives for dialogue and cooperation with the North Atlantic Treaty Organization. We also are ready for unconventional contacts, study and training visits, and exchange of experience with political advisers of NATO and representatives of the North Atlantic Council.

[Rajch] Thank you for the interview.

German-Polish Critical Journal Characterized

90EP0864A Bonn *DAS PARLAMENT/AUS POLITIK UND ZEITGESCHICHTE* in German 10 Aug 90 p 18

[Article by Yvonne Havertz: "Signs of Rapprochement"]

[Text] Since the opening of the wall in November 1989 the breathtaking speed of the German-German development has pushed the German-Polish relations into the background. But how closely German-Polish relations and the path to German unity are bound up with one another is demonstrated not least by the discussion about the Polish western border. All the more important appears to be the concern of a periodical such as *DIALOG* which wants to think of itself as a "forum of intellectual debate and of the mutual information between Poles and Germans" (1/2, 1987, p. 2). *DIALOG* is published by the Association for German-Polish Understanding, registered association, an amalgamation of the local German-Polish societies which, on the basis of the Warsaw Pact, have set themselves the task to work towards an improvement of the relations between the two states. The periodical, which has been published

since 1987 and can be obtained only by subscription, is financially supported with public funds.

In addition to the constant reports from the member organizations of the German-Polish societies and continuous annotations, the Polish and German editors closely follow the economic reform process in Poland, German-Soviet relations, and the cultural sector. The youth exchange takes up much space in the overall concept; it represents the main topic in No. 3/4, 1988. In addition to contributions from editors of Polish dailies, it was possible to obtain contributions from renowned personalities of public life for almost all issues.

Since the first issue the journal has definitely gained in critical quality in its reporting. Editor in chief Filter recognized early on: "Good neighborly relations are possible only if the Germans in the GDR can be included in the dialogue." (3, 1987, p 3). On German-Polish relations quite skeptical voices are also heard: Thus as early as in No. 1/2, 1988, the situation of the Polish resettlers was critically examined, a problem area that was again taken up in 1989, posing the question: "How honest is the discussion on the resettlers problem?" The representation of Poland in FRG curricula is also analyzed. Movement and change in Eastern Europe are being followed with special attention to Poland: "Yearning for normalcy" is the central keyword that is used to explain equally the alarmingly large number of Polish resettlers, as well as to describe the new political concept of the Mazowiecki government.

The slowly developing association of the East European states and now also imminent German unity require a final reconciliation between Poland and the two German states. After the first double number of 1989 had already dealt with the 50th anniversary of the outbreak of the war, it is the focus of the September issue. The historical interdependence of German-Polish history, among other things, is analyzed. Willy Brandt traces the development from the German attack on Poland, through the Warsaw Pact, to the Round Table in present-day Poland.

The two issues of 1990 thus far published assess the visit of the German federal chancellor and that of Polish Prime Minister Mazowiecki to the Kremlin; No. 3/4, 1990, takes up the "Two-plus-Four" conference, and, further, the discussion concerning the Polish western border and the Weizsaecker visit to Poland. In the last two issues of DIALOG a serious shortcoming becomes evident: Since thus far the periodical has been published almost exclusively in double issues, the reporting of—admittedly rapid—developments lags behind. Topics that lastingly determine the discussion on Polish-German relations, such as, e.g., the German-German state treaty, the visa requirement for Poles already introduced in the FRG, the attitude hostile to foreigners and in part hostile to Poles of a part of the GDR population, and the government crisis in Poland, that has been emerging for some time, are not being dealt with in the depth they deserve. The periodical, DIALOG, which will be published more frequently in

the future, is faced with the task of utilizing the challenge, resulting from the dynamic and explosive nature of the present situation of upheaval, to influence the formation of opinion in a productive manner.

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Ministry of Foreign Affairs Official Calls Warsaw Pact Archaic

90EP0869A Warsaw ZOLNIERZ

RZECZYPOSPOLITEJ in Polish 6 Sep 90 pp 1, 3

[Interview with Grzegorz Kostrzewa-Zorbas, deputy director of the Europe Department, Ministry of Foreign Affairs, by Jerzy Rajch; place and date not given: "The Twilight of the Blocs"]

[Text] [Rajch] Before our eyes and with our participation, Europe is changing at a tremendous pace. In the West, countries are undergoing mutual integration, laying the foundations for a common home, whereas in the East, for the same purpose, the disintegration and collapse of the existing bloc has had to take place. What is Poland's sentiment and place in this situation?

[Kostrzewa-Zorbas] We continue to be a leader in the changes in Europe. Our proactivism and independence on the international arena are not flagging. We figure that at present there exist no real premises for sensing any of the classic dangers to our national sovereignty. Of course, certain perils do exist, but they are diminishing with each month.

[Rajch] From what direction do such perils exist?

[Kostrzewa-Zorbas] Let us begin by saying that the conditions for entangling Poland in some global conflict no longer exist. Earlier, while this country pursued a bloc policy and had extremely strong ties to the Soviet Union, such a threat did exist, if only in the form of a retaliatory strike—following a Soviet attack—against Poland by NATO.

Nowadays the peril of local conflicts would be more likely. This peril is at its greatest in the Balkans but it is much smaller in our region. Likewise, continuing disintegration in the Soviet Union may produce unfavorable effects. The threat of a conservative overthrow still exists there, however small and diminishing that threat may be. In that event the USSR would disintegrate into parts that would not only be rent by internal conflicts but also be prone to unleash some external conflict, if only to provide the population with easy victories and conquests.

We are taking into consideration the possibility of local conflicts in and between or among the postcommunist countries. We cannot assume that there will be peace in the Soviet republics adjoining our country. Natural

nationalistic tendencies are being reborn there, and they are attended by division into pro-European and chauvinist factions. This may result in incidents, political adventurism, and local unrest, as well as in thousands of refugees, collapse of control over the nuclear potential, etc. Fortunately, Mikhail Gorbachev and his adherents as well as a majority of his political opponents favor, in one way or another, liberalization and normalcy of life and are not attempting to resurrect the past order, as that would engender violent resistance and greater destabilization. An increasingly explicit stabilizing factor is the stance taken by Boris Yeltsin, who has, on Russia's behalf, succeeded in reaching an agreement even with the radical Lithuanians.

[Rajch] What about Germany?

[Kostrzewa-Zorbas] Recently we had a border incident when a group of Germans stormed a bridge and barged into Polish territory. We must learn how to cope with such incidents too.

But seriously Germany at present is not a military threat to us. Following its unification it will be a part of an integrated Europe. It is pursuing a stable foreign policy and is itself desirous of surrendering some of its sovereignty to the Common Market and NATO, so that it may not be visible or associated with any threat to the Old Continent.

[Rajch] There has occurred an explicit turnabout in Polish foreign policy and in the entire concept of our *raison d'etat*. What are and will be its consequences?

[Kostrzewa-Zorbas] We want to make it clear to everybody, without any misunderstanding, that the Polish Republic is not part of any bloc. The previous, Eastern Bloc no longer exists. In our relations with other countries we act as an equal and sovereign country. It may be that in the future, in a few years hence, this sovereignty will be smaller, once we become an associate and subsequently a full member of the EEC. This decision, taken quite responsibly, will of a certainty be proper for this country.

We desire the best possible relations with all countries and not just with our theoretical Warsaw Pact allies. This desire is also becoming reflected in our military doctrines. Our abandonment of bloc thinking is orienting us in the direction of bilateral or multilateral military cooperation.

[Rajch] In this event, is not the Warsaw Pact by now a relic, a corpse of no use to anybody?

[Kostrzewa-Zorbas] Every one of the premises on which this pact was based no longer exists, and in Europe we do not anticipate war of the kind it was supposed to prevent eventually. Therefore, this pact is an anachronism and in the future it will have hardly any chance for even vegetating. Institutions of this kind will be unnecessary on the continent.

[Rajch] Who then will become the guarantor of European security? The North Atlantic Treaty Organization? But the survival of just one bloc makes no sense and, what is more, it creates the danger of the rise of a new hegemonist and military strongman.

[Kostrzewa-Zorbas] It is true that a growing number of people view NATO, especially if it is considerably altered, as a factor stabilizing the situation in Europe. Here I must say that I personally favor the concept proposed by the British thinker and publicist Timothy Garton Ash, under which the North Atlantic Treaty Organization, or NATO, be converted to DETO, or Democratic Europe Treaty Organization. Such a plaque would be adequate and it would clarify the situation considerably.

That is one pillar of European security. The other pillar would be the Conference on Security and Cooperation in Europe (CSCE), along with permanent specialized institutions that would be integrated into this organization. Poland, for example, is proposing the establishment of a center for the prevention and solution of conflicts that would be endowed with certain sanction-imposing powers and could accomplish certain purposes with the object of assuring peace in Europe. For the time being concepts of this kind are still too novel to be elaborated. They will be discussed at the November summit of the CSCE in Paris.

[Rajch] But the Warsaw Pact still exists. What then are its purposes at present?

[Kostrzewa-Zorbas] Decisions on its future will of a certainty be taken at the November summit of the Warsaw Pact in Budapest, that is, a month hence [as published]! In its present form it is not suited to extinguishing local conflicts, because it was not set up for that purpose. Instead, it was set up for the eventuality of a major continental or global conflict.

We do not consider the Warsaw Pact to be a political pact, and it does not affect our field of consultation. We desire the liquidation of all military coordinating structures. In the Warsaw Pact there is room only for military consultations—for example, concerning armaments—but we want to extend these consultations to other partners from the world over. The Warsaw Pact remains, in accordance with the United Nations Charter, a collective self-defense grouping of countries. This is an idea with which Hungary is in accord, as is, recently, also Czechoslovakia, which had previously stressed the political nature of the Warsaw Pact. The bloc approach, not alien to the West and the East, is burdened by a conservative one-track vision of the world.

[Rajch] This picture, as you outline it, is not matched by the United Command of Warsaw Pact.

[Kostrzewa-Zorbas] The Polish Army should be independent and national, and therefore we are not interested in any supranational command. We shall endeavor to dissolve joint military structures such as a joint staff

or an integrated air defense. This should be replaced with other solutions. Politically this is a job for the Ministry of Foreign Affairs and militarily, for the military.

[Rajch] We are glancing at Brussels with growing interest. The Polish Ambassador to Belgium Tadeusz Olechowski has been charged with the task of maintaining contact with the Main Headquarters of NATO....

[Kostrzewa-Zorbas] Let me anticipate your question. Following the London declaration of nonaggression a new situation, open to all countries, has arisen in Europe. It provides, as it were, access to negotiations at an all-European forum.

NATO is setting up a special office for contacts with European countries which are not its members. Nowadays we must view differently the military alignments formed in previous decades and carry out a fundamental revision of strategic assumptions. This is, among other things, the purpose of the visits paid by the ministers of foreign affairs of East European countries to Brussels and of the scheduled visit of NATO Secretary General Manfred Woerner to Poland in mid-September.

[Rajch] Thank you for the conversation.

Solidarity's Strength, Potential Promise of Center Accord Assessed

90EP0866A Warsaw RZECZPOSPOLITA in Polish
8 Aug 90 p 3

[Interview with sociologist Sergiusz Kowalski by Jan Rogala; place and date not given: "Take Everything"]

[Text] [Rogala] The widespread belief is that parties in Poland are by now a thing of the past. Nobody is interested in joining a political party or committing oneself politically. The way out of this situation was to be mass movements. But Citizens Movement Democratic Action [ROAD], formed upon the break up of Solidarity, has announced that it is a party.

[Kowalski] Indeed, it is thought that the typical, classical, traditional political parties are outmoded. The public's responses, as for example in the elections to local self-governments, seem to point to this. But I am not certain that this attitude shall continue. I think that the traditional parties will flourish. Why do I think so? Because, in my opinion, the obstacle to the growth of political parties in Poland is not some mafia-like actions by enemies of these parties but the still powerful myth of Solidarity, which fills up the room for political life in Poland and imbues all sorts of projects with meaning.

[Rogala] But it is said that Solidarity nowadays is weak. It has 2 rather than 10 million members.

[Kowalski] This is not a sensible calculation. In the years 1980-81 Solidarity stood for everything that was independent. It was not an ordinary trade union. The trade union formula was a kind of compromise between the

aspirations of Poles for freedom and the Brezhnev Doctrine. At the time it was not possible even to dream of any political parties or of free elections, or of T. Mazowiecki in the government. Solidarity had consisted of all who held dear forms of public action outside the official system, whether they wanted to publish books, teach history, or organize local community actions. Solidarity used to accommodate all this.

Nowadays anyone can pursue his interests freely. Hence, the umbrella provided by that trade union has ceased to be needed. Thus, Solidarity is numerically smaller, but its myth, its traditions, its ethos dominate social awareness. But at the same time Solidarity as a symbol now exists in a kind of vacuum. Thus the institutional correlation formerly presented by the trade union structure is lacking. For years the dividing line between Solidarity in the organizational sense and the old Communist order used to be known. Now things are not as black and white, because in addition to the trade union we now have citizens committees, which, as it turned out, could be quite easily founded at any level of public life. These committees have absorbed a substantial part of the aura of Solidarity's legacy.

[Rogala] They attracted people away from the political parties, did they not?

[Kowalski] Of course. For the last 10 years people have learned that whatever is independent, civic-spirited, or self-governing, belongs within the domain signified by Solidarity. The decision to depart from that domain is difficult, because it means separation from a certain whole and making a choice in favor of a partisan rationale, ideology, or program, one that is so conceived that it cannot be accepted by the entire society. Solidarity had signified a proposition for building a different society and not a proposition for building competition for the Communist party and its state. Solidarity represented an alternative state which we had been building for ourselves side by side with the state that used to exist and that we had not liked.

Nowadays one has the right to opt in favor of a political party. But despite the broad gamut of declarations by the parties to the effect that they represent, e.g., the Polish nation, all Christians, Poles who desire to guide themselves by the social teachings of the Church, or Poles aspiring toward democracy, such opting signifies separating oneself from the whole. A political party is a part of the whole which opposes another part and contends with it for power. That is why the decision to join one party or another is so difficult.

[Rogala] But it has been taken. ROAD declared itself to be a party. The Center Accord is to be a party.

[Kowalski] Of course. It already is one. It has formulated its political and economic program, outlined ways of taking power, and specified who should become the [next] president of Poland and when. All these steps are typical of a political party.

The Center Accord seems to be a potentially strong party. It combines in itself two factors: it may present itself as a grouping with roots in Solidarity, inheriting the symbolism and ethos of Solidarity and grouping former Solidarity activists. It has thus succeeded in not isolating itself from the broad concept of Solidarity. Another plus, in the sense of opportunities in the future, is the fact that the Center Accord is a self-declared antileftist organization favoring a rapid removal of the former elite and nomenklatura from the political scene as well as depriving of influence the New Left, which the Center Accord considers to be a segment of the OKP, a segment of Solidarity, and the entire ROAD. As known, in a country which had been ruled by Communists with leftist labels for 45 years with such miserable consequences, the Left is not and will not be very popular. It cannot expect to succeed for many years yet. The Center Accord associates parties which had previously been situated outside Solidarity, and that are for the most party rightist—because in Poland all parties other than the PPS [Polish Socialist Party] and the heirs of the PZPR are rightist. They have found a common language in the Center Accord and thus joined this accord, this coalition, through their representatives.

[Rogala] Even before the Center Accord was established a similar coalition bore fruit in Lodz.

[Kowalski] Lodz is a strange city. Many trends which elsewhere also do exist but are less explicit are in that city quite evident and clear. Lodz is a mirror, as it were, reflecting more clearly many national issues.

Two opposed groups contested the self-government elections in Lodz: the Voivodship Citizens Committee [WKO], headed by Marek Edelman, who is viewed as a leftist, and the Lodz Citizens Alliance [LPO]. The LPO won the elections. Why is this so interesting and instructive? These two groupings embodied precisely the two variants envisaged for citizens committees by Walesa, on the one hand, and by Bujak and Wujec, on the other. The WKO was a federation of citizens committees in the Lodz Voivodship and took great care to remain apolitical and separate itself from the existing political parties. It was a grouping of activists from citizens committees alone. The LPO adhered to the concept of Walesa and Najder: a platform for consensus among the parties. And, once they succeeded in establishing a coalition which had received the blessing of the local Solidarity authorities, the rightist parties had no trouble in winning, whereas in other Polish cities they lost. This case confirms my assumption that political parties lose only when they oppose Solidarity.

[Rogala] Meaning that Solidarity still has the decisive voice.

[Kowalski] Yes, still.

[Rogala] You mentioned that nevertheless political parties of the classical kind may develop.

[Kowalski] Yes, for it seems to me that the political attractiveness of the Solidarity myth is largely due to a certain inertia of thinking. People have become accustomed to reasoning in terms of "we" and "they," and identifying Solidarity, that is, whatever is good, with "us." Such habits outlive the political times in which they had arisen, but subsequently they decay. I have the impression that the decay of that myth of Solidarity, which I expect to happen, will, after all, result in growing opportunities for political parties.

[Rogala] What kind of parties?

[Kowalski] This can be readily predicted. That will be a coalition, built in one way or another, of nationalist Christian and peasant parties. I do not know whether that will be Poland's future. I do not know how for long. Of course much will depend on what Lech Walesa does once he becomes the country's president.

[Rogala] This decay of the myth will be all the more potentiated by the break up of Solidarity. One has to choose between the Center Accord and ROAD.

[Kowalski] This schism will hasten the decay of the myth. I had an occasion to listen to the deliberations of citizens committees on both 30 June and 1 July. There was universal confusion. Some delegates supported Mazowiecki and some Walesa. My impression was that the general opinion was: How terrible it is that our wonderful leaders of our Solidarity movement are quarreling and disputing and lack a common language. What had been expected was a fraternal handshake.

[Rogala] And renewed unity.

[Kowalski] This yearning for unity is an important aspect of Polish thinking. Ten years ago a vision of a good system had arisen. It was the vision of a social process based on the principle of organic cooperation, functional division of labor, service in behalf of the common good. The idea was that we should gather together and consider how to allot forces and, correspondingly, roles. Everyone was to do for the common good what he knows best. Then everything should function smoothly, without disputes, because the social contract is inherently good. It was a vision in which there is no room for competing programs, for differing ideologies, for differing definitions of the social good, or for a conflict of values. Hence also, despite the acceptance of the fact that democracy in the world is expressed in the existence of political parties, despite the understanding of this fact, there was no sympathy for political parties. Even in the initial stage of Solidarity, when these parties had existed in embryonic form, such sympathy was lacking.

[Rogala] Now the parties are formed, with about 4,000 members each in ROAD and Center Accord.

[Kowalski] Imposing figures! It may be that it is too early to draw inferences. ROAD was established quite

recently. Most likely, a majority of Solidarity sympathizers felt somewhat surprised and, for the time being, do not know how to react. Were Center Accord alone to exist within the Solidarity movement, they would not be faced with a choice, and they could say that in general they support Solidarity without having to choose between either faction. [Rogala] But making a choice does not mean that one has to join either party. [Kowalski] What matters is for whom one will vote. The party itself may be numerically small and consist of activists alone, as distinct from the electorate. But that electorate has to be won over and prompted to cast ballots.

[Rogala] What will be the next moves of these two groupings?

[Kowalski] This is unusually difficult to predict. In the present situation much depends on the political calendar. Once the [new] constitution is adopted, we shall know whether we are to elect the parliament first and the president second, or vice versa.

I foresee that, in one way or another, Lech Walesa will be elected president. I believe that ROAD has already at the outset committed a major political blunder, as I conclude from certain signals that ROAD is hardly anxious for Walesa to become president. In such a situation, demanding direct, popular elections would markedly strengthen the position of Walesa, who is going to become president anyway. He would be elected by the entire nation rather than by the provisional National Assembly. Signals which are reaching me indicate that in many Solidarity Trade Union regions a substantial part of activists support the Center Accord, which is gradually gaining growing support in the ranks of Solidarity.

[Rogala] Have these groupings become a permanent part of Poland's political map or are they merely preelectoral creations?

[Kowalski] I imagine that they are temporary structures. They were conceived as a transition stage between the Solidarity period and the future democracy. It is thus difficult to predict the lifespan of structures of this kind. I do not like it that both groupings claim the right to the whole. After all, as seen by its founders, the purpose of the Center Accord was not to be a centrist grouping but an umbrella organization of the entire political cross section, excluding only the extremists. Thus, attempts of these groupings to identify themselves with the whole of the political spectrum still take place. This is a residual reflex of the awareness of politicians that departure from the whole means political demise. That "whole" used to be Solidarity. Thus, there is fear of calling attention to oneself. This fear of the politicians relates to the expected response of the electorate. Thus, the contest for the full legacy of Solidarity is continuing.

Working Peoples Alliance Established as Center-Left Party

90EP0860A Warsaw RZECZPOSPOLITA in Polish
8 Aug 90 p 2

[Article by Waldemar Maszenda: "Appearing on 22 July, They Want To Be the Center-Left"]

[Text] During the past week, the press presented information on the establishment of the Working Peoples Alliance (PLP). POLITYKA (31/90) published a list of several activists from the founding group of PLP. The list included the late Boleslaw Jaszczuk, former secretary of the Central Committee during Gomulka's time; actually the person involved was his son, also Boleslaw, formerly a journalist for PLOMIEN, presently unemployed, and an activist in the Union of Polish Communists "Proletariat."

The Working Peoples Alliance was formed on 22 July when a founding group of 120 people met in Warsaw. According to the organizers, this meeting was open. Participants were: J. Grzymkowski; B. Krzywoblocka; N. Michta; E. Osobka-Morawski (representing one of the Polish Socialist Parties); A. Wasilewski (former secretary of the Central Committee); Ignacy Krasicki; formerly a renowned journalist of Polish United Workers Party; M. Krajewski (from another Polish Socialist Party); and Z. Partyka, representing the Trotskyite Groups for Workers Self-Rule. Two deputies of PKLD [Parliamentary Club of the Democratic Left] are on the list of founders as are D. Dykowska and W. Konduszca from the Chief Council of SdRP [Social Democracy of the Polish Republic].

At the first meeting, PLP formed two groups: the program group headed by Mieczyslaw Mieszczankowski (well-known economist who writes for ZYCIE GOSPODARCZE), and the organizing group headed by Ewa Spychalska (vice president and spokesperson for the All-Polish Trade Unions Agreement).

Mieszczankowski's group is to develop an alternative to the Balcerowicz economic plan by the middle of September (the next PLP meeting). Spychalska's group will work on regional organization; thus far there are groups sympathetic to the PLP in Slupsk, Koszalin, and Lublin.

Is the PLP a political derivative of the All-Polish Trade Unions Agreement (OPZZ)? Stanislaw Nowakowski (one of the organizers at the meeting on 22 July, and editor in chief of the weekly ZWIAZKOWIEC since 1 August) says that this is not so simple and obvious. In his opinion, OPZZ is decentralized and it encompasses various orientations of the political left. Meanwhile, Alfred Miodowicz is sympathetic toward PLP.

As S. Nowakowski said, the Agreement is an initiative of the left and its political credo is as follows: in the conflict between capital and labor, we are on the side of labor. To the reproach that not all the names of the PLP signers can evoke positive associations among the public, he responded: "This is to a slight extent a Polish, but mostly

a Warsaw argument; we do not make verifications." But he added that "not all persons who are there would I want for friends, but that is no reason for not cooperating with them. We want to create a plane on which people who identify themselves with the causes of the left might meet. This does not pertain only to the parliamentary left, but to this whole position in general."

OPZZ wants to have its representatives in the Sejm; this is the official position of that organization expressed recently by its spokesperson. Is the PLP, then, a step in this direction? S. Nowakowski asserts that that cannot be excluded. PLP has not yet designated its candidate for the presidency, but, in his opinion, from the political options developing, Democratic Action [ROAD—Citizens Movement Democratic Action] is closer to the PLP than the Center Accord which is sympathetic in this environment to authoritarian governments.

Nation Must Go It Alone in Light of Pentagonal Group Structure

90EP0865B Warsaw ZYCIE WARSZAWY in Polish
14-15 Aug 90 p 5

[Article by Pawel Ziolek: "Regional Europe: Poland's Solitary Road"]

[Text] On 31 July and 1 August, a meeting of the Pentagonal Group, the third by now, was held in Venice. Prime ministers and ministers of foreign affairs of Yugoslavia, Hungary, Austria, and Czechoslovakia were invited to a conference organized by the Italian Minister of Foreign Affairs de Michelis on the island of San Giorgio. The Venetian round was conceived as a step toward making the idea of the Adriatic-Danubian commonwealth specific. A number of agreements on cooperation in the spheres of transportation, telecommunications, environmental protection, contacts between small- and medium-size enterprises, and cultural and scientific exchanges were adopted.

No coordinating institution or any new source of financing for joint initiatives was set up in Venice. The entire burden of initiatives was shifted to unilateral [as published] and multilateral agreements. This, as the chief of Italian foreign policy maintains, was done in order to not duplicate the already existing institutions such as the EEC, EFTA, the Conference on Security and Cooperation in Europe, the European Bank of Reconstruction and Development, and the Council of Europe.

Therefore, how is the "Pentagonal Group" to be defined, since it has no separate institutions of its own, since countries belonging to NATO and the EEC (Italy), those belonging to the EFTA and neutral (Austria), those belonging to the CEMA and the Warsaw Pact (Czechoslovakia and Hungary), and those not affiliated with anything (Yugoslavia) are its members? The shortest possible [definition] is that this is a regional lobby headed by Rome which combines dual goals: opposing the economic and political domination of a united Germany in Central and Eastern Europe and (as is

particularly the case with Yugoslavia, Hungary, and Czechoslovakia) the fastest possible entry into the sphere of the EEC.

The initiative of de Michelis has its origins in two great and, in principle, unshakable concepts of restructuring the post-Yalta order: first, the Delors concept of a Europe of many concentric circles, that is, a narrow circle including the Twelve, and subsequently the EFTA countries, furthermore, the countries of the postcommunist Europe, and, finally, the remaining signatories of the Helsinki Final Act, i.e., the United States, Canada, and the USSR; second—from the Gorbachev initiative of a common European house based on the process of the Conference on Security and Cooperation in Europe.

The Pentagonal Group is that fragment of the Eastern bloc which Italy considers, together with Vienna, to be within the historical confines of Austro-Hungary, and which Italy is attempting to invigorate through its economic dynamics (all countries of the Habsburg [Empire] have joined the group, with the exception of Galicia, Bukowina, Transylvania, Banat, and Carpathian Russia). The Pentagonal initiative is an expression of the increasing self confidence of Italy whose economy was characterized by high rates of growth in the second half of the 1980's (Italy has overtaken Great Britain in terms of the gross national product). It is also an expression of apprehensions of the former Austrian countries, Austria itself being no exception, concerning German superiority in this region, which is not being stressed. Prospects for a faster accession to the EEC due to the patronage of Rome are no less important to the former communist states.

The Group of Five is still more of a task than of a fact. However, while its internal structure continues to be unclear, its external borders have been clearly drawn. Poland and the eastern Balkans remain on the outside. In this manner, an end has been put to literary speculations regarding Polish affiliation with Central Europe. The "no" Havel said in Bratislava was also repeated in Venice. This was done with particular emphasis by Prime Minister Calfa who referred to the natural character of this group, and by Deputy Prime Minister of Italy Martelli. Hungary took a different stand with regard to Poland, but the words of Prime Minister Antall, who informally invited Poland to take part in the work of the group, did not fall on favorable soil. The Five did not become the Six. Poland may find itself in a bad situation if the unification of Europe is going to proceed through the medium of regional groups.

The summit meeting of the Group of Five in Venice made it abundantly clear that Poland is not a part of Central or East-Central Europe. Beginning in the fall, we will border in the west on the united Germany, one of the Twelve, and on the Pentagonal Group organized by Italy in the south. Scandinavia integrated into the Nordic Council lies to the north, and only the areas to the east of Poland appear to be going through the opposite process, namely, disintegration. We may only enter a united

Europe alone, except, perhaps, if we look for partners in the territories of the former Republic [of Poland]. However, all that this does is get us entangled in problems which far exceed our economic and political potential without bringing us one iota closer to Western Europe.

Our history is being replicated in miniature. Now we are finding ourselves outside the area of a neo-Austro-Hungary reinforced by Italy, similar to losing the opportunity to create a Central European commonwealth with the Habsburgs in the 16th century, and similar to our failure to create in the interwar period a system of local alliances (with the exception of Romania), due to, among other things, the resistance of Prague.

The geopolitical position of Poland may only be defined in negative terms—we are not “in” anything, we are outside the West; the Carpathian Mountains separate us from Central Europe and the Balkans, and the Baltic Sea from Scandinavia. The only real community remaining to us is the one that binds us with Russia. We should tell ourselves clearly that we are an East European country, a country in which no emerging and existing regional groupings are interested; that our road to European integration is going to be solitary, and, due to this, more difficult and, probably, longer; that in view of this, it is not in our interest to support any regional integration as an intermediate element between a nation state and the United Europe.

Further conclusions suggest caution in supporting centrifugal movements in the USSR (our ability to use them politically is negligible); the necessity of supporting processes which will bind Russia with Europe as strongly as possible (because a Moscow not integrated with Europe will also draw us away from the latter) with the maintenance of an American presence on the continent with a view to balance; close cooperation with Germany, which may turn out to be the only country actually working on behalf of integrating Poland into Europe and getting our economy on its feet.

We are situated between Germany and Russia. All Central-European and Promethean concepts of Polish foreign policy are doomed to failure.

Ambassador Salutes German Unification

90EP0862A Bonn DAS PARLAMENT/AUS POLITIK
UND ZEITGESCHICHTE in German 10 Aug 90 p 1

[Article by Polish Ambassador to the FRG Janusz Reiter: “More Confidence on Both Sides”]

[Text] The outcome of the Paris Two-Plus-Four Conference on the external aspects of Germany's unification, which took place with participation of Poland's foreign minister, is proof of the fact that diplomacy—fortunately—is no zero sum game and a gain for one side does not signify a loss for the other side. On the contrary, a true success is a solution that satisfies both sides. The outcome of the Paris talks meets this condition.

Two Treaties

The goal of the Polish policy was clear: to achieve the certainty that the Polish-German border treaty will be concluded immediately after Germany's unification. The way chosen to achieve this goal is a question of lesser importance. This way was mapped out in Paris. Among other things, it consists in the separation of the border question from other problems in Polish-German relations which still have to be solved. In other words, two treaties will be concluded. The first, the border treaty, will be signed shortly after unification, the second, whose topic is the new foundations for the German-Polish good-neighbor policy and friendly relations, will be the object of negotiations. This avoids the danger that the confirmation of the validity under international law of the Polish-German border by the unified Germany will be postponed for an indefinite time by differences of opinion in any other questions.

The representatives of the Four Powers were witnesses, perhaps even sponsors, of this arrangement, but the authorship rests with the Polish and German politicians. It is in the interest of both sides that nobody gain the impression that the Paris solution has been achieved under anyone's pressure. For not only the result alone counts but also the atmosphere that it creates.

Only One Reservation

The Germans would like to show the world that their unification takes place in harmony with their neighbors, not in conflict with them. Therefore they attach great importance not only to the support of the NATO allies but also to the understanding of their Eastern neighbors. In Moscow this understanding was shown to Federal Chancellor Kohl during his mid-July visit. In Poland basically much earlier; in principle it was linked to only one reservation—the elimination of all uncertainties in connection with the question of the Polish-German border. Since the Paris conference we are sure that this expectation will be fulfilled.

European Stability

It is useful to recall what the reasons for this approval of unification are. It is obvious that it springs not only from an unselfish sympathy for the Germans. Nor is it an agreement that has been achieved by the force of Germany's political influence or its economic potential. The desire of Europe, and this term includes the United States and Canada, is that Germany, as a consequence of unification, not withdraw from its partners as a result of a feeling of alienation and isolation, but that it form even closer ties with them. In reality the stability of European policy depends on that. This is also the reason for the emphasis on confidence in a democratic Germany, although, after all, it is known that its potential gives rise to certain fears. Nicholas Ridley, the British secretary of state for trade, had to resign because he committed not only an embarrassing breach of tact, but also an unpardonable political mistake.

As far as our attitude is concerned we have already expressed our fears sufficiently and unmistakably. Now the time has come to show more confidence to the Germans. It cannot be our aim to avoid dependence on Germany, it must rather be our aim to enter into a world in which everybody is dependent on everybody else and all profit from that. The experiences of the European Community prove that this is possible. Soon we are going to be neighbors of the EC, which at our borders is represented by Germany. Let us hope that this will be a transition period which will prepare for the day on which Poles and Germans will be neighbors within the European Community.

GAZETA BANKOWA Editor Pessimistic About Political, Economic Future

90EP0865A Poznan WPROST in Polish No 31,
5 Aug 90 p 32

[Article by GAZETA BANKOWA Editor in Chief Andrzej K. Wroblewski: "Weather Forecast: I Am a Pessimist"]

[Text] Andrzej K. Wroblewski, editor in chief of GAZETA BANKOWA: I am afraid that pluralism will be interpreted improperly, that is, instead of many voices and one government we will have many governments, and in this manner we will prove to ourselves that we are not capable of governing ourselves. We have secured independence, but we have not secured democracy and the skill of using it. Once all of us get tired of road blockades, hunger strikes, and the processions of the unemployed, we will all yearn for a new government which is eagerly waiting for this.

Unfortunately, this is how I imagine our political future. The economic future of Poland will not look much better because these spheres are very closely connected with each other.

On the one hand, it is true that foreign investors like order. Many a time we have seen that capital is marshaled to places which have a strong police force, even if it not only uses nightsticks, but also tear gas and firearms. I hope that it will not come to this in our country. On the other hand, capital is not too eagerly invested in places where peace is forced and uncertain, where it can be expected that in a year or two the masses, which threw their support to a dictatorial government, will become disenchanted and begin to topple this government, and this is, perhaps, what will happen in Poland.

I am afraid that our economic future amounts to waiting for social peace and resolving to bear the great costs of the reform. This also means a wait for Western investors until we finally straighten ourselves out.

Therefore, I am very pessimistic; I hope that my predictions are erroneous, but recently I have less and less hope. Will this actually happen?

Nation Viewed as Attractive Drug Production, Transit Point

90WD0644A Vienna DIE PRESSE in German
12 Jul 90 p 3

[Article by Klaus Bachmann: "Mafia Pushing Eastward: Poland Is Suffering More and More From Underworld Slayings, Money Laundering, and Drug Transit by Organized Crime"]

[Text] Warsaw—A Polish newspaper report said the incident was reminiscent of Chicago in the thirties. One day in late May an Audi 100 reported stolen in West Berlin sped through the village of Siestrzen south of Warsaw at 200 kilometers per hour. Witnesses heard two shots being fired inside the vehicle and seconds later two bodies were thrown from the car along the Katowice-Warsaw highway.

The police later ascertained that the car was used earlier that day in the attempted murder of a black market foreign currency dealer in Warsaw. The two dead men in Siestrzen were also black market currency dealers who had worked with members of a burglary and fencing operation in Warsaw. Both men had been shot in the head with 7.65 mm bullets.

It does not come as a surprise that Warsaw currency dealers are now resorting to heavy caliber pistols to attack each other Mafia-style. For decades, the official ban on foreign exchange has spawned a vast black market, including grey areas ranging from simple fraud involving foreign tourists all the way up to murder. By now, foreign organizations have apparently recognized that Poland's underworld has something to offer.

Luxury Vehicles Stolen, Shipped Illegally

For one thing, Polish car thieves, gangs of smugglers and illicit currency dealers are increasingly operating on an international basis. Recently, a Polish gang of black marketeers consisting of almost 100 members was uncovered in the FRG. It is an open secret that large numbers of luxury cars—of such makes as BMW, Mercedes, and Porsche—are being stolen and illegally transported from West Berlin to Poland.

It is quite impossible that the Polish gangs are not encroaching on the territory of rival gangs from France, the FRG, and Italy. They have worked out a deal, advantageous to both sides. It provides the Poles with access to West European "markets" and offers the others an opportunity to launder their profits in Poland.

According to newspaper reports, the black market currency gang whose members were murdered in Siestrzen was also involved in smuggling and transporting cars stolen in West Berlin, in forcing other black marketeers and legal currency exchange facilities to pay protection money, and in providing the Soviet mafia with weapons and diamonds.

By now, a regular transit route for currency smugglers exists between Moscow, Warsaw, and Vienna. The infamous "Chopin Express" which even carries through coaches from Moscow to Vienna on some days is a big help in this regard.

In a parlor car customs officials discovered bags containing 449,000 rubles as well as gold and jewels worth \$70,000, under the bed of a high-ranking railroad official from Warsaw, two weeks ago. Customs investigators are privately saying that the official, who has since been arrested, had been under observation for the past six months.

From time to time, customs officials are also apt to discover quarter-kilogram or half-kilogram bags of heroin on international express trains going to Budapest and Vienna. "Poland produces synthetic heroin," a customs investigator named Gorski says. "They buy the basic material BMK (benzinomethyloketone) quite legally in the FRG and ship it to Poland where the material is processed into high-grade heroin and later exported."

This roundabout way of doing things makes good sense because the penalties are far less stiff in Poland. For another thing, the drugs can be produced more cheaply because of lower labor costs and smaller payoffs to the "infrastructure."

Experts estimate that about 12 percent of the West European amphetamine supply is being provided by four illegal Polish laboratories. In Sweden, the Polish imports have led to a noticeable drop in prices on the drug market. One-fourth of all drugs confiscated in Sweden originates in Poland. This is easy to prove by chemical analysis, since the Polish manufacturers are apparently adapting pig amphetamines which are used in animal breeding.

In addition to the Moscow-Vienna black market money route there are other connections leading through Poland, e.g., the so-called Balkan route, which is used to transport drugs from the Balkans to the West via Prague and Bern, or the "Scandinavian connection" from the Balkans via Warsaw, and the route to Sweden via the Swinoujscie ferry terminal near Szczecin, which is difficult to control because of permanent overcrowding.

Quite recently, 10 Poles were seized by the authorities when they tried to smuggle 30 kg. of amphetamines directly into the FRG. Following a tip from the Dutch police, a Nigerian national was arrested at Warsaw's Okecie airport in mid-January. The man had tried to fly from Amsterdam to West Berlin via Warsaw, carrying 11 packages of raw marijuana, worth \$250,000, in his luggage.

Profitable Detours via Okecie

It was not the first time the well-dressed "tourist" had taken this particular trip, having checked the route out twice before. The detour via Warsaw makes good sense.

The airport staff at Okecie is hopelessly overworked; the customs officers rarely get around to checking the baggage thoroughly and foreign nationals are not checked at all as a rule.

Arrests such as that of the Nigerian are by no means uncommon. Back in 1988 two LOT [Polish Airlines] pilots were arrested in Hamburg for smuggling drugs. In Gdansk last year, a Panamanian-flag vessel attempting to carry one and two-tenths kg. of hashish from Israel to Montreal was seized. In all, 70 kilograms of heroin were seized in Poland during the course of 1989.

A Ghanaian student got himself into trouble in mid-April when he went to collect an air mail package containing nuts which also happened to contain eight and one-half kg. of raw marijuana.

Experts believe that the actual numbers are far greater because the Polish authorities are ill-prepared to deal with the underworld. Up to now there was good reason to assume that Poland was not a good market for the drug mafia because its drug addicts do not have enough money.

The experts have been somewhat stunned by the realization that Poland is attractive nevertheless, both as a production site and a country of transit. At this juncture only 10 officials of the Polish interior ministry are checking into Poland's drug operations.

POLITYKA Weekly News Roundup

90EP0836A Warsaw *POLITYKA* in Polish No 32,
18 Aug 90 p 2

[Excerpts]

National News

Lech Walesa issued a declaration stating that "Poland needs a president with broad powers, elected in a general election." He also called for "an end to the personal attacks" in the election campaign now beginning. "It is not a question of people, but of programs bringing Poland toward democracy. Let us fight with arguments and not with epithets. For the good of the future, democratic Poland, at the threshold of this campaign there should be an agreement concluded among all the forces to maintain mutual toleration and political manners."

In Krakow, the signers of the Alliance for Democracy met. Jerzy Turowicz, asked about the Alliance's candidate in the presidential election, responded that he would be Tadeusz Mazowiecki, who, however, has as yet to comment on the matter.

The OPZZ [All-Polish Trade Unions Agreement] has called for a social pact among the trade unions, government, and employers' organizations to define the allowable boundary of unemployment and the range of social benefits. The union is for accelerating the presidential and parliamentary elections (spring of 1991), in which it

wants to participate as an independent force. No one from the OPZZ intends to seek the presidency.

In July, in four voivodships, the average wage exceeded 1 million zloty: in Legnica Voivodship, 1.3227 million zloty; in Katowice, 1.1673 million zloty; in Tarnobrzeg, 1.0367 million zloty; and in Szczecin, 1.0257 million zloty. The bottom of the table is filled chiefly with voivodships from the "eastern wage wall." In none of the voivodships bordering on the USSR, from Elblag to Przemyśl, does the average wage exceed 800,000 zloty. The lowest earnings were 667,400 zloty in Bielsko-Podlaska Voivodship [as given].

According to TRYBUNA, in connection with compensation, since 1 April 1990, the earnings of the members of the government increased and are: premier, about 4.5 million zloty (previously 3.703 million); ministers, 3.55 million; and deputy ministers, about 3.1 million zloty.

The Labor Solidarity Alliance (PSP) is a new political formation created on 4 August 1990, which has the goal of defending workers interests. By the end of August a program document will be written and a decision will be made whether the new political group will join the Alliance for Democracy. Its authorized representatives are: Senator Karol Modzelewski; Senator Jan Jozef Lipski, chairman of the Polish Socialist Party (PPS); Deputy Ryszard Bugaj; Marek Krankowski, chairman of the All-Polish Confederation of Workers' Self-Managements; Wojciech Lamentowicz, political scientist; Piotr Marciniak, political scientist and an activist of the Reform and Democracy Club; and Prof. Jan Muzjel, economist.

Prof. Jerzy Kolodziejewski, secretary of state in the Office of the Council of Ministers, said that in the future there will be 12 to 14 voivodships in Poland; the powiats will also be reinstated.

In response to a question by the Public Opinion Research Center about who governs Poland today: 33.5 percent of the respondents indicated Solidarity; 20.5 percent, the government; 13.5 percent, Lech Walesa; and 10.5 percent, Tadeusz Mazowiecki. In the opinion of 9.9 percent of the respondents, "no one is governing" in Poland; 4.5 percent think that the old nomenklatura is governing; 4.3 percent, the Church, and 4.1 percent, the Sejm. In the opinion of 1.3 percent of the respondents, the Jews are actually governing in Poland.

In Szczecin, the Committee for the Election of a New President of the Republic of Poland has been formed. It consists of 80 individuals, and the chairman is Zygmunt Solarz, a construction worker. Prof. Krzysztof Skubiszewski is the Committee's candidate.

In December 1989, the government halted construction of the nuclear power plant in Zarnowiec, but the maintenance of the construction site, conservation of the equipment already installed, and wages for the 900 individuals employed there are consuming 235 million zloty a day.

So far 24 individuals have died of AIDS in Poland; the records of the medical services list 1,039 carriers of the HIV virus (727 of them are drug addicts). [passage omitted]

The monthly SUKCES has published its own list of the richest people in Poland. Piotr Buchner, head of the Solco pharmaceutical firm, is the richest, followed by Jerzy Starak of the food industry firm Comindex, Senator Henryk Stokłosa, Andrzej Czarnecki of Plastomed, and Mariusz Walter of the video and film firm ITI. Mieczysław Wilczek, the former minister, is only the tenth richest person.

The first chapter of the International Federation of Business and Professional Women, the international organization for women active in business, has been registered in the voivodship court in Poznań.

In 1990, 17 billion zloty from the state are earmarked for the renovation and conservation of sacred objects. Of that sum, 2 billion zloty comes from the Church Fund managed by the Office of Religious Affairs at the Office of the Council of Ministers; the rest is from the budget of the Ministry of Culture.

The Central Executive Committee of the Social Democracy of the Polish Republic (SdRP) has announced it will contest the introduction of religious instruction into the schools before the Constitutional Tribunal and through the ombudsman for citizens' rights. [passage omitted]

"Don't waste your vacation, trust the Confederation"—this is the slogan adopted by the Slask Region of the Confederation for an Independent Poland (KPN) for the summer camps for young people age 16-30 it organized in the Beskid Slaski. The organizers said that during this "vacation with a marksman," they do not expect that there will be regular political lessons conducted by KPN personnel.

According to a survey conducted among the residents of Warsaw and Moscow and carried out by the Center For Research on Public Opinion and the Moscow Center for Sociological and Political Science Research, the idea of withdrawing Soviet forces from Poland has more supporters among the residents of Moscow (66 percent) than of Warsaw (60 percent).

Deputy Ryszard Zielinski, the chairman of the Main Council of the Christian Social Union (UChS), entered an interpellation directed to the Minister of Internal Affairs to take police action to guarantee the safety and peace of citizens wearing traditional Jewish attire. [passage omitted]

The air forces have been combined with the National Air Defense Forces. The president has named Gen. Div. Pilot Dr. Jerzy Gotowala (age 49), one of the few higher Polish commanders who has not finished the military academy in the USSR, the new head of the Air and Air Defense Forces.

The Main Technical Inspector of the Polish Army has named Zdzislaw Tacka (age 43) director of the Military Aviation Plants in Elblag. He is the first civilian director of the firm; he won a competition for the position. [passage omitted]

Opinions

[passage omitted]

Aleksander Bentkowski, minister of justice and a Sejm deputy from the Polish Peasant Party (PSL):

(Interviewed by Jacek Stachiewicz, NOWINY 6 August 1990)

[Answer] As regards the Center Accord and the Citizens Movement "Democratic Action" (ROAD), I am convinced that the whole affair is a tactical maneuver. To collect, for example, 40 percent of the vote twice in the upcoming elections. If Solidarity contested the elections under one banner, it would be difficult to fit both Michnik and Kaczynski under it. If they appear under different banners in the elections and win votes, then it will be easy for them to find a common language when it becomes necessary to create a new government.

[Question] What counteraction will the Polish Peasant Party (PSL) take?

[Answer] We want to remain ourselves the whole time. The Polish Peasant Party has never been and is not a politically opportunistic group. We have our heritage, and our political line is clear.

Lech Kaczynski, deputy chairman of the Solidarity National Commission:

(Interviewed by Lidia Zawistowska, SLOWO LUDU 4-5 August 1990)

[Question] If Lech Walesa becomes president, who does Lech Kaczynski want to be?

[Answer] I am unable to answer. I know that the Western press frequently presents me as Walesa's successor as union chairman, but I do not think that I am suited for the position. In the future, I would gladly work in the state administration.

[passage omitted]

Prof. Dr. Czeslaw Janicki, former deputy premier and minister of agriculture:

(Interviewed by Piotr Andrzejewski and Krzysztof Golata, WPROST 12 August 1990)

[Question] In your statement in the Sejm, you complained that the members of the cabinet do not understand the needs of agriculture. Why don't they?

[Answer] The majority of them do not understand agricultural problems. It is hard to be surprised. The group of financial experts and libertarians, who dominate the government, oppose preferences for any area of the

economy because such preferences hold back the development of new structures and of a new economic system. [passage omitted]

YUGOSLAVIA

Croatian Party Leaders' Views on Pavelic State

90BA0340A Zagreb START in Serbo-Croatian
18 Aug 90 pp 16-19

[Article by Davor Butkovic and Dubravko Grakalic: "Croatia Face to Face With the NDH [Independent State of Croatia]"]

[Text] An issue that during the election race in Croatia people attempted to make into the line of demarcation among the embattled parties, and attempted to push into the background after the elections "because there are more important and more urgent political tasks," periodically returns to the center of political confrontations, and does so more and more forcefully every time. We are talking about positions on the NDH [Independent State of Croatia]. In the near future, this exceptionally important issue for Croatia should become the subject of depoliticized confrontations, not just among politicians, who exploit it regularly, but rather and above all among experts. That is why our magazine is initiating a series of articles on this extremely hot topic with a survey—for the time being, however, just among the leaders of the political parties.

A specter is moving through Croatia—the specter of freedom, sovereignty, and statehood, as Karl Marx, a well-known Croatophobe, would say if by some chance he lived here today. Since not much is left in Croatia of Marx and his scientific socialism and two-phased communism, however, the issues of the statehood and sovereignty of the Croatian Republic are being dealt with mainly by the ideologues and leaders of political parties and movements founded on the basis of different ideological assumptions.

To the best of our knowledge, Croatia was last free (or "free") from 1941 to 1945, during the wartime events known to history as a national liberation, partisan, civil, or interethnic war. That sovereignty was ensured by German tanks and the Italian occupation of southern Croatia and Istria, and it is not necessary to spend words on those facts today. The importance of that Independent State of Croatia, a member of the defeated Axis forces, as well as Hebrang's wartime partisan Croatia, lies in the fact that it was the sole attempt by Croats to live on their own, if we except November 1918.

Precisely for that reason, the position on the NDH is today one of the most fundamental political issues in the sovereign but not independent Republic of Croatia, because deleting the "so-called" before the name of the aborted NDH would mean its recognition, and the possible secession of the present Croatia from Yugoslavia necessarily leads to discussions of whether that

new Croatia is a continuation of the wartime one, "with guards on the Drina." It is obvious, in fact, that the "guards on the Drina" are not just Dr. Sima Djodan's stylistic figure of speech, especially after the publicly expressed intentions of Milosevic, Draskovic, and Seselj and his Cetniks about what they would like the borders of Greater Serbia to be. After all, even the statement by the leader of the HDZ [Croatian Democratic Community] that "in the event of the collapse of Yugoslavia, which appears very possible today, the borders of the present republics will change," promotes those "maps from which the Croatian lands and their history, including the NDH, cannot be erased."

Of course, the NDH does not have to be discussed today just because of maps. The position of a given party on that "criminal creation," or "free Croatia"—whichever you like—determines its position on an independent Croatian state. That is why there is a clear gradation of positions, from the Croatian Party for Justice, through the Croatian Democratic Party, to the moderate HDZ, because it is precisely through their attitude toward the NDH that those parties are also displaying their opinion on a future (non)independent Croatia.

We believe, at any rate, that democracy in Croatia is sufficiently mature today to discuss the NDH coolly and soberly. The freedom to discuss this was only achieved through the elections, it seems, but there is an astonishing refusal or reluctance on the part of some parties to discuss it. We thus do not believe that the people in the Socialist Party cannot say anything about the NDH. That party does not have well-developed public relations. An official on duty thus told us that President Zeljko Mazar was on annual leave, although he had been seen in Zagreb that same day. "It is difficult for us in this situation; everything is changing, and we do not even have a fax machine to send you answers," Mr. Klaric explained on behalf of the Socialists, having told us that answers could not be given in three days to all the questions asked:

1. What do you think about the thesis that the NDH was an exclusively criminal and Quisling state?
2. Was there a possibility during the war that the NDH could experience a different fate, if the camps and the crimes had not existed?
3. How do you explain the fact that Pavelic's photograph is hung on the premises of many Croatian societies abroad, even though many of them are not Ustasa?
4. What was the NDH, in your opinion?

It is quite clear that with this survey we are only designating the political framework within which the parties' positions on this issue can be ranked. Parties whose positions we are not presenting in this issue will have an opportunity to express their views on the same issues in future issues of our magazine. It is equally well-known that the magazine cannot identify itself with any of the positions voiced on the NDH, although it can

be said that some of them border on poor taste. START intends to devote space to the same subject in future issues, in which the positions and arguments of historians, publicists, political scientists, and sociologists will be reflected...

Drago Kastratovic, SDSH [Social Democratic Party of Croatia]

Drago Kastratovic, a Zagreb journalist who suffered after 1971, and a member of the SDSH council, answered our questions very quickly and skillfully. According to Kastratovic, Croatia cannot prosper without a third Croatian state.

1. [Kastratovic] It is really surprising that even after changes that mean a departure from black-and-white schemes in views of the past and the present, we are still confusing concepts and categories, and distorting facts for the sake of one temporary political effect or another. The fact that the NDH was a Quisling creation and that fascism displayed a great deal of brutality in it—is not a thesis, but a fact. It emerged in a historical period in which the centuries-old aspirations of the Croatian people to be free and achieve full sovereignty were formulated more vocally than ever before, and it is not surprising that even that Quisling creation, even if for a very short time, "strolled into" those visions and was identified in the views of some of the people with the fulfillment of that dream of statehood.

2. In politics, all analogies are shaky, and mostly not very useful. Let us take as an example, however, Slovakia during the war, a Quisling state with incomparably fewer camps and crimes than in Croatia. During the war, however, Slovakia was not transformed into some well-intentioned democratic state. In the case of Croatia, one cannot ignore the fact that there were two states on its territory during those wartime years: one Quisling, and the other antifascist, which was created by the unified coalition forces (the Croatian Communist Party and the HSS [Croatian Peasant Party]). Later the Communists attributed everything to themselves, and subsequently erased the pluralist characteristics of the Croatian antifascist state, and equated it with the stereotype of the unanimously organized partisan struggle and the political solutions in other parts of Yugoslavia.

All of the confusion is concealed under the cloak of that stereotype. For five decades now, historiography, feature articles, films, and many literary works have pushed upon us a completely incorrect picture of the events of our war: On one side, every single one was a cutthroat, and absolutely everyone fighting on the other side was noble, rational, and humanist. That lie avoids the historical truth that it was a time of inflamed hatreds, seething intolerance, atavism, and vengeance, that there was brutality on all sides, and that we lived through our most terrible drama at that time.

3. Keeping Pavelic's picture in their offices does not have to mean that the people in societies abroad are expressing their readiness for new crimes, but one cannot

help seeing from this that they are living in a completely different environment, far from the scene of the events from which one can see and strongly perceive the consequences of what the state symbolized by Pavelic left behind. Knowing the work of some Yugoslav agencies abroad, one cannot completely rule out the possibility of some instigation in this, in order to keep Croatian emigres further away from the homeland.

4. It was a state, with all the attributes of a state, but it was still a Quisling one, and that means that it emerged and was maintained by the will and strength of foreign powers. Let us be completely consistent, however—the other, antifascist Croatia was also assisted by the forces of the antifascist coalition. Admittedly, this was mostly only moral support during the first two years of the war, but after that it was material support.

I spoke about two Croatias. The first lost the war, and the second lost the peace—because of the communist monopoly of power. There can be no prosperity without a third one.

Bozo Kovacevic, HSLS [Croatian Social-Liberal Party]

Bozo Kovacevic, the HSLS member who is most often in the public eye along with Drazen Budisa and Vlado Gotovac, confirmed, like Miljenko Zagar, that the HSLS, together with the ruling party constitutes the Croatian political center. Of course, Dr. Kovacevic definitively distanced himself from national mythology, attempting to assess the NDH not in the slightly tragic context of an attempt to fulfill the idea of a Croatian state, but rather in light of the well-known facts about the political practices of the NDH.

[Kovacevic] No exclusive thesis should be accepted, and thus not the one about the NDH as an exclusively Quisling, criminal state. If we are aware of the fact that that state had genocide in its program, however, then it is hard for some other attributes to be more suitable for it. It is clear that, in explaining the causes of the emergence of the NDH, one mentions the injustices committed against the Croatian people under the old Yugoslavia. Justifying a regime in that way, however, means giving carte blanche to all those who were done any injustice by that regime. Accordingly, a real discussion will be a discussion that will under no circumstances justify a certain procedure of our political regime and condemn a procedure by their political regime.

It is simply necessary to view the nature of the regime in question as objectively as possible. With respect to the NDH regime, that regime, in the spirit of European and world views, cannot be assessed as anything other than pro-fascist, since fascist powers put it in authority and it implemented fascism. If we are talking about the Croatian state itself, however, then we have to talk about 1938, when Vladko Macek won the elections and when the Yugoslavia of that time was faced with collapse. It was on the way toward becoming a confederation. If, then, we wish to draw certain historical conclusions and seek the foundations for some things that are happening

today, then we have to go back to that victory by Macek in the elections, and not to the NDH regime, which would not have existed if not for Mussolini and Hitler. The NDH was never recognized by a legally elected Assembly, and that authority was never verified in any elections. Generally speaking, I do not know any basis for separating the NDH's fate from the fate of the regimes it was modeled after.

Naturally, in order to be able to speak accurately about the fate of the NDH, it is necessary to conduct the relevant historical research. Some of that has been done. I am thinking here of Krizman's books. It is understandable that the regime in power in the NDH, when it saw that the Axis powers could not hold out much longer in the war, tried to find some sort of ties with the Allies. The Yugoslav king, however, had the support of the English authorities, the government in exile was in collusion with the Allied authorities, and the Communists managed to gain the support of both the East and the West because they had proof that they were the ones most forcefully opposing Hitler. In effect, the NDH did not have any chance of extracting itself from German patronage... Perhaps the NDH's army really was disciplined, but it must be repeated again that the leaders of that state were dishonorable, because they simply fled in spite of having such a good army. If they really trusted that army, why did they disappear without a trace?

The fact that even today Pavelic's pictures can be seen at Croatian societies abroad can be explained by the many years of communist rule in Yugoslavia. In fact, it is the nature of Bolshevik rule to produce enemies as an external reason for its existence and its actions. In connection with the increasingly more pronounced integralist and unionist tendencies, that policy discovered the continuous manufacture of Ustase as the best external reason for its existence. Thus, many people who had not inherited anything from the Ustase were stigmatized, and so some of them accepted some of it out of spite. There is no reason not to believe that some of those people did not even know what kind of associations were evoked by Ante Pavelic.

Finally, I think that there is no doubt that the NDH regime was a criminal one; we can assert this on the basis of the fact that the official state program included a holocaust, the extermination of members of given ethnic groups.

Kresimir Pavelic, HSP [Croatian Party for Justice]

Kresimir Pavelic, the secretary of the HSP, answered our questions in full accord with the radicalism of the previous public statements of its members. That radicalism, however, at least as interpreted by Mr Pavelic, does not appear particularly impassioned, but rather seeks as many rational arguments as possible. Kresimir Pavelic, who is twice as old as the HSP's president, Dobroslov Paraga, is very busy these days. As he himself says, many people who are "not overjoyed with the moderate policy of the ruling party" are calling on them.

[Pavelic] I do not think that the NDH was exclusively a criminal, Quisling creation. One must know, first of all, that the NDH was a recognized international entity, and that the NDH was recognized by about 30 countries. With respect to the NDH, one must also take into account the fact that as soon as it appeared, it was attacked by both the Cetniks and the Communists. It had to defend itself constantly... If the NDH had not been under those pressures as soon as it was established, I believe that there would not have been any war crimes. Furthermore, with respect to camps and war crimes, it must be stated that the Allies also committed war crimes. Let us recall, for example, the bombardment of the German civilian population, and let us recall the camps in America for everyone of Japanese origin. This Yugoslavia also had its concentration camps which existed in peacetime; in my opinion that is a greater crime than wartime camps... I think that the frequently voiced assertion that the NDH planned to solve the Serbian question by liquidating some of the Serbs was simply invented, and that it is a consequence of communist propaganda. To the best of my knowledge, there is not evidence anywhere in NDH documents for such an assertion. Anti-Semitism, unfortunately, did exist. Many Croatian Jews suffered. The anti-Semitism, however, was a consequence of German pressure upon Croatia.

The NDH could hardly have avoided its fate in view of the environment in which it existed. In view of the Vokic-Lorkovic putsch, however, which Pavelic himself knew about from the beginning and approved of—there is all sorts of evidence in support of this—it can be said that there was a strong tendency within the NDH toward separation from the Nazi powers... And I repeat once more, crimes and camps were not inherent in the NDH, because Croats are not racists. After all, Josip Frank was a Jew...

The conduct of the Croatian army toward the end of the war indicates the devotion of the Croatian people to the very idea of a Croatian state. It is precisely that conduct of the army, its discipline and organization, that indicate that we cannot identify the NDH with Quisling creations...

Really, I saw the pictures of three Croatian politicians—Stjepan Radic, Alojzije Stepinac, and Ante Pavelic—everywhere in Croatian clubs abroad. Naturally, I did not say what I thought of this. The fact is, however, that for many Croats abroad, the three of them symbolize the struggle for freedom and for a Croatian state. To a considerable extent, it is also because the communist authorities spread propaganda against the NDH so long and so persistently that its banner became a symbol of defiance. That is also indicated, however, by Croats' devotion to the idea of a Croatian state.

Dusan Plecas, SKH-SDP [League of Communists of Croatia-Party of Democratic Changes]

Dusan Plecas, secretary of the SKH-SDP Central Committee, took the longest time in answering the questions in our survey. Hesitation, however, did not reduce Plecas's decisiveness.

[Plecas] 1. Views of any historical event can change and change frequently, unfortunately, more by political will than by the results of historical science. The assessments and assertions that the NDH was a Quisling state and that the Ustasa authorities were criminal because of genocide against Serbs and Jews, camps, court-martials, and massacres of the civilian population are so well-founded and proven by facts that they will not change.

The Croatian people showed their view of such a state and of the Ustasa authorities by their widespread commitment to the National Liberation Movement. Instead of independence under the auspices of the fascist powers, which was offered it by Ustasa propaganda, the Croatian people achieved their freedom, independence, and statehood through struggle.

2. The fate of the NDH was not influenced just by the camps and crimes, but also by the overall policy of the Ustasa regime. The Ustasa regime's attempt during and after the capitulation of Italy to attract as many adherents as possible of the HSS into its own ranks (upon coming into power, the Ustase also conducted a repressive policy against HSS adherents) did not succeed. This eliminated the possibility that the fate of the NDH could be resolved through the HSS and the Western Allies within the framework of the plans at that time for the formation of Yugoslavia after the collapse of the fascist forces.

3. It is hard for me to believe that pictures of Ante Pavelic are hung so often in Croatian clubs abroad.

4. The NDH was not independent, but occupied; it was not a sovereign state, but a Quisling creation, an area occupied by the Third Reich and Italy, and as such, it could not have broad support among the Croatian people, which was convinced that the promised national liberation was only part of Ustasa propaganda.

Ivan Gabelic, HDS [Croatian Democratic Party]

The vice president of the HDS, attorney Ivan Gabelic, is one of the Croatian politicians whose dossier began much earlier than the first beginnings of a multiparty system here. In fact, Mr. Gabelic is one of the attorneys who defended the victims of the "Croatian years of lead." He was in prison himself from 1959 to 1961, in Sveti Grgur. Ivan Gabelic is a representative of the more radical faction in the strongest Croatian right-wing party. That is why his views on the NDH should perhaps not be taken as the official position of the HDS.

[Gabelic] The NDH was a state that emerged by revolutionary means, and so that is why the lives and personal safety of its enemies were in danger the whole time. For those who were on its side, however—and they were the majority of the Croatian people—it means the fulfillment of a dream a thousand years old. It was, de jure, a completely sovereign state. The NDH meant a powerful affirmation of the idea of Croatian statehood, and also meant a cultural rebirth for the Croatian people. For example, publishing activity, especially in the area of

Croatian history and culture, was developed to an unprecedented extent. That was, to some degree, a necessary consequence of the suppression of Croatianism, because in the old Yugoslavia everything that was Croatian was persecuted, just as it has been in this Yugoslavia to a considerable extent. An attempt was also made in the NDH to raise the birth rate as much as possible, to help mothers with children... Accordingly, Croatian policy was conducted as much as it was possible during those difficult times... And the times really were difficult. Along with the three opposing domestic armies, the Cetniks, Ustase, and partisans, there were also the Germans and Italians... The fact that the Croatian army awaited the end of the war in a highly disciplined manner was because the Croatian people wanted its own state, and it is therefore logical that most of the the Croatian armed forces remained loyal to that state. Let us not forget that back in the spring of 1945 the armed forces of the NDH had 150,000 soldiers on the territory of the present Republic of Croatia, and the armed forces of the National Liberation Army had 105,000. About two thirds of those 105,000 were not Croats. That means that twice as many Croats were in the Croatian army as were with the partisans. If we take into account the fact that the partisans carried out a total mobilization in the areas they controlled, as was never done by the NDH, then we can estimate that the number of partisan volunteers in Croatia was at most 40,000 people. Next, if we know that such an attitude was also prevalent among civilians, it can be easily concluded that a minority of Croats supported a renewal of Yugoslavia, and the majority supported the preservation of the Croatian state. That explains the fact that the Croatian army withdrew in a disciplined manner. And not just the army, but also most civilians, women, children... And the fact that today one can see the iconography of the NDH in foreign Croatian clubs demonstrates both the Croatian people's loyalty to the Croatian state, and the fact that the Croatian people did not believe the communist lies—although, unfortunately, it unconsciously accepted some of those lies. The Croatian people knew that they were lies, however. Even Jazovka is not a new discovery. The people who lived abroad knew that it was a Croatian state. Ante Pavelic was the restorer of the Croatian state. I emphasize, however, that it is not important that it was Pavelic. The Croatian people would accept anyone who would restore the Croatian state. It could have been Macek, or it could have been Tito, who unfortunately fought against the Croatian state, destroying everything that was Croatian. After all, Ivan Mestrovic has testified that Mile Budak told him, "We would even be in favor of a Soviet Croatia if we could thus ensure a Croatian state." That indicates that those people who created the NDH were not ideologically exclusive. Their goal was the creation of a Croatian state. Naturally, if historical research proved that the Croatian state, the NDH, really did plan genocide against part of its population, my judgments concerning the NDH would change.

Dr. Ivan Cesar, HKDS [Croatian Christian Democratic Party]

Dr. Ivan Cesar, vice president of the HKDS, agreed to talk about the NDH without too much hesitation. Mr. Cesar, like other Croatian politicians who participated in this survey, had reservations about the lack of fully relevant historical research. That, however, does not mean that the vice president of the Croatian Christian Democrats tried to avoid answering the most sensitive questions—on the contrary.

[Cesar] The claim that the NDH was exclusively a Quisling, criminal state actually constitutes an obfuscation of the problem itself, and achieves not only the result sought by communist propagandists, but also completely opposite reactions. That claim is too sweeping, and I could not accept it in any case. Several completely wrong facts have been derived from that sweeping claim. There is an entire generation of people, those who are about 50 years old today, who do not have a correct attitude at all toward what was the NDH, and what was the Ustasa movement. The NDH has usually been identified with the Ustase, which is very dubious. Several books about the NDH that have appeared here have tried to prove the assigned thesis that the NDH was exclusively an artificial creation of the occupying powers, that it did not have the attributes of its statehood, and that it did not have a foundation of its own. I would not like to make a judgment about what the NDH was, but I would rather point out some facts that indicate its real significance. I will say once again that it is necessary to distinguish the Ustasa movement, and the centuries-old longing of Croats for a state of their own. Let us start with the Ustasa movement. When children want to insult someone, they call him an Ustasa; until a short time ago, when people wanted to ascribe the worst of traits to a Croat, they called him an Ustasa. It is also necessary, however, to distinguish the Ustasa movement from the Ustase. The Ustasa movement emerged as a reaction to the murder of Stjepan Radic, which was only the culmination of the persecution of Croats under the Greater-Serbian dictatorship. That is a fact. Furthermore, the Ustasa movement was built upon the foundation of the statehood program of the Party for Justice, as well as on the basis of the conclusions of the Croatian State Assembly on 29 November 1918. That Assembly represented the will of the people. The Ustasa movement had its own concern: the establishment of the autonomous and independent state to which the Croatian people had a right. That is apparent from the Constitution and Principles of the Ustasa movement. Those Principles, however, do not talk about the future arrangement of the Croatian state. Although it was formed abroad, the fact is that the Ustasa movement had its base in Croatia. Both Kvaternik and Mile Budak were in Croatia at that time. There were pro-Ustasa organizations like Ante Trumbic's Croatian Home Guard, the Croatian University Staff, etc. Only 250 Ustase came from Italy; that is a historical fact. Many historians, mostly banned here, say that the establishment of the NDH was a consequence of the national revolution

carried out by the Ustase... What is important to stress is that the NDH really existed. It had everything that it needed to be recognized under the provisions of international law. We must also know that the NDH was organized before the arrival of the German army. The NDH, consequently, had all the attributes of a sovereign, independent state. The NDH was officially recognized by 16 countries. Countries that did not explicitly recognize the NDH left 13 consulates operating in Zagreb. In 1942 Switzerland admitted the NDH into the Universal Postal Union, which could also mean tacit recognition of the NDH. Those facts indicate the legal nature of the NDH.

The crimes that took place during the war should be discussed on the basis of their historical foundation. There were crimes, undoubtedly, because as I stated, the Ustasa movement was a reaction to previous crimes. I am not justifying any sort of camps, by any means, nor am I justifying the arrival of German troops. All of those are gestures that determine the means of rule during the existence of the NDH. They are peripheral phenomena, however. It should be stated that Croatia had its own independent army. The dominant force in that army was not the Ustase, but rather the Home Guards. The Croatian army consisted of more than 150,000 Home Guards and about 50,000 Ustase. The NDH relied on the Home Guards...

Miljenko Zagar, HDZ

The chief secretary of the ruling party, the de facto head of the HDZ, Miljenko Zagar, answered our questions in a very relaxed manner, without the slightest nervousness or delay, "because these are very sensitive topics politically," as is characteristic of the ruling party. With his positions, Zagar, who has a master's degree, showed very clearly that today the HDZ is growing into the Croatian political center.

[Zagar] With respect to the thesis that the NDH was exclusively a criminal, Quisling state, I think that the following distinctions should be made: First, not enough historical research has been done on that subject; and second, both cause and effect should be scientifically evaluated, although we cannot approve of the effects. The creation of the NDH was caused, I would say, by disillusionment with the old Yugoslavia. It was a prison for peoples, and there is no doubt about that. In it, Croats were second-class or third-class citizens, or worse. For example, they even took away Ante Trumbic's passport so that he could not go abroad for treatment. Many important Croats were disillusioned. That created a climate for the complete secession of Croatia, for its

leaving Yugoslavia. At that moment the name of Ante Pavelic, an eyewitness to the assassination of Stjepan Radic, appeared. That was not the only such murder in old Yugoslavia. In old Yugoslavia there were 113 Cetnik cells in Savska Banovina alone, which often acted as criminal gangs on orders from the Belgrade government. The groundwork was thus laid for the separation of Croatia, within its historical borders, as understood at that time.

In accordance with this, it is necessary to distinguish the creation of the Croatian state per se from what happened afterward. We do not have reliable facts about what happened; we only have information from the postwar regime. From what I have heard from people who served in the NDH as soldiers, I received the impression that the army was a disciplined one, which was not used for the crimes that were attributed to it. If those crimes were really committed, however, that is a matter for the most severe condemnation... I think that the attempt to escape from Nazi patronage was an important aspiration of some people in the NDH. Of course, it would have been good if the need for the NDH government to be replaced by another new government had been seen when things began to go differently, when Croatia was enslaved instead of being liberated. Those who attempted to carry out that change suffered a harsh fate, as in all similar situations... The fact is that the NDH army awaited the end of the war in a highly organized manner. I would even say that I have met people who were in that army and who assert that they were highly disciplined. And the crimes that have been attributed to them... There were abuses by individuals, and very often, allegedly, partisan and Cetnik units put on Ustasa uniforms and committed certain crimes in order to stir up the people against the NDH. I do not know how true that is, but I have heard it in more than one place.

Speaking generally about the NDH, when one views the overall consequences, I think that it was a big mistake. Although it seems to me that the intention of some of the people who created the NDH was salvation from Greater Serbianism, I think that it had very negative and tragic consequences for the entire Croatian people, as well as for the entire population of Croatia. I will repeat once more that it is necessary to evaluate everything altogether, but if we are speaking of my personal impression, my personal opinion, then those were tragic days for both the Croatian people and the population on the territory of Croatia and Bosnia-Herzegovina. At that time Croatia lost the flower of its youth and of its intelligentsia. It lost its sovereignty and its statehood, and regressed several hundred years. Unfortunately, that can no longer be corrected.

POLAND

Undisclosed Rising Costs of Military Goods Spur Sejm Debate

*90P20098A Warsaw GAZETA BANKOWA in Polish
No 31, 29 Jul-4 Aug 90 p 8*

[Article by (M): "Tanks Cost More"]

[Text] According to the budgetary plan, the Army will consume 10.083 trillion zlotys this year, that is almost ten percent of the nation's budgetary expenses. Over 60 percent of this sum will be absorbed for the "maintenance of individual conditions," that is, for the salaries of the professional cadres, salaries for recruits, food consumption, quartering, uniforms, and such. Around 30 percent (three trillion) of this amount is designated for the purchase of weapons and military supplies, and ten percent for investments and repairs.

The Army does not have a strictly outlined plan of its profits, and that which the OTK [National Territorial Defense] brigades earn, as an example, falls into the national budget. Equally, it does not draw profits from weapons exports, since these enterprises produce goods under the Ministry of Industry and not of Defense.

It is not known what portion of the available funds for the "maintenance of individual conditions" is appropriated to the headquarters of the Ministry of National

Defense and what portion goes to specific branches of the Army. For example, how much money will go for military education, health care, and how much to the Central Artistic Troop of the Polish Army. It is known, however, that a private in basic service gets anywhere from 60 to 120,000 zlotys in pay monthly, while a colonel gets one and one half million zlotys, plus extras. It is also known that if the Ministry is to adhere to the funds [budget] allocated to it for individual expenses, it will have to prematurely let go 40,000 soldiers in basic service and 2,300 careerists.

It is also known that for one MIG fighter, we have to pay our Soviet comrades 28 billion zlotys, while our own Bumar-Labedy factory wants 2.5 billion zlotys for a T-72 tank—a year ago it was 720 million zlotys.

This is, more or less, all that is known for sure. Most of the data pertaining to Ministry of Defense finances are protected by classifications of secrecy, such that even the deputies from the Sejm Commission of National Defense didn't find out anything beyond this. They did not even get to know how many cloth wrappings for the soldier's feet are used each year in the Army.

For this reason, the commission passed a motion calling for a general debate in the Sejm on the subject of expenditures in the Ministry of National Defense.

BULGARIA

Trade Union Daily Reviews Fruit, Vegetable Prices
91P20001A Sofia TRUD in Bulgarian 10 Sep 90 p 1

[Article by Kiril Momchilov: "In Two Directions at Once: On the Threshold of the Market Economy—How Much Did We Pay for Fruits and Vegetables Last Year and How Much Will We Pay Now?"]

[Text] Are there more or fewer fruits and vegetables in the stores in the cities and towns in Bulgaria this summer? The producers and retail sellers are not monitored by the statistics office. The number of middlemen from the stores who have advertised themselves as producer-retailers is also unknown. What should be done?

Many people ask these questions, but even while they are looking for answers, the price of melons, watermelons, tomatoes, and peppers continues to grow.

The table printed below gives the purchasing and selling prices in the stores run by enterprises of the Bulgarplod organization. The information which was compiled last week comes from Bulgarplod. This data is from Blagoevgrad, Burgas, Veliko Turnovo, Kyustendil, Pernik, Plovdiv, Sliven, Sofia, and Turgovishte. Not to strain our reader's memory, we have, in addition, provided the prices of fruits and vegetables, which prevailed during the same period last year.

Commodity	Price per Kilo in Leva		Selling Price in 1989
	Purchasing	Selling	
Tomatoes	0.30—0.50	0.50—0.80	0.36
Cucumbers	0.60—0.80	0.90—1.25	0.40
Cabbage	0.22—0.40	0.40—0.60	0.20
Onions	0.40—0.70	0.70—1.20	0.36
Potatoes	0.40—0.60	0.60—1.00	0.22
Green Peppers	0.50—0.80	0.75—1.20	0.35
Eggplant	0.30—0.40	0.52—0.60	0.36
Watermelon	0.30—0.40	0.50—0.65	0.25
Peaches	0.75—0.80	1.00—1.20	0.45
Apples	0.60—0.80	0.90—1.20	0.65
Grapes	1.00—1.20	1.45—2.00	0.55
Red Peppers	0.75—1.00	1.20—1.50	0.50

The prices of some fruits and vegetables for last year are the top prices; they apply to high quality goods! With this table we can calculate how much more money we will have to take out of the family budget to provide for the winter.

Another crucial factor is where to go shopping. The retail prices are relevant to fruits and vegetables which are sold in the Bulgarplod stores, but not in the stores which are leased (but Bulgarplod signs still hang over them). They

are relevant to neither the private and obshtina companies, nor the markets. In Sofia alone, out of a total of 400 stores owned by Bulgarplod, 230 have been leased. There are stores belonging to the Triaditsa company, and not just a couple of them are cooperative markets. At the end of last week, at the Georgi Kirkov market, I saw the following prices per kilogram: grapes - 3.00 leva, melons 2.50, peaches 1.50, watermelon 1.50, apples 1.50, onions 1.80, Cornelian cherries 5.00, tomatoes 1.50, cucumbers 2.00. But in the leased stores on Boulevard Dondukov, grapes were sold for 1.80 leva per kilogram, melons and apples for one lev, tomatoes for .80 lev. The people of Sofia have a wide choice in the price but an almost uniform quality in the produce.

In Sliven, where almost all stores are leased, the Bulgarplod organization opened a large market for fruits and vegetables on Boulevard Tsar Osvoboditel at the beginning of September. There the prices are about 30 percent higher than those at the leaseholder-retailers and at the cooperative market.

Otherwise, the bill is simple, as the table shows: potatoes are five times more expensive, peppers and grapes four times, cucumbers and peaches three times, not to mention comparing all the fruits and vegetables. We, the consumers, will not be able to boycott the storekeepers and producers the way the Czechs did. It becomes clear to us that the one cannot exist without the other—the monopolists in many areas in the country squeeze the farmers, and they, in order not to waste their produce, sell it at a lower price. And then we buy it at double and triple the price. At outrageous prices!

CZECHOSLOVAKIA

Planning Commission Official Urges Price Restraint
90CH0398B Prague STATISTIKA in Czech Jul 90 pp 325-330

[Article by Eng. Jaroslav Sulc, candidate of science, State Planning Commission: "Lessons From the Analysis of the Development of Czechoslovak Economy During the Initial Months of 1990"]

[Text] Symptomatic of the development of the Czechoslovak economy during the past several months—besides the strong influence of the traditional stimuli (but also obstacles) to economic growth—is the growing influence of some newly emerging curbs on growth that are asserting themselves. If such factors as the favorably developing exchange rates of Czechoslovak export (in connection with the continuing boom in the market economies), or the several extraordinarily warm winters (permitting the altogether unexpected savings of fuel and energy) have a by and large positive influence on the progress of the economy, the same cannot be said (at least not from the short-range point of view) for other factors.

Among the destabilizing factors must be counted especially the growing difficulties in foreign trade (with most of the CEMA countries which are quickly getting deeper into debt), whether we are talking about the difficulties of marketing Czechoslovak exports or about imports of previously contracted raw and processed materials. The democratization of society shows certain contradictions: On one hand, opportunity for entrepreneurial activity is opening up, and on the other hand, the abandonment of the traditional planning and directive procedures, which have not yet been replaced by a market mechanism and corresponding economic instruments of management, brings with it individual and short-term negative aspects.

There are contradictions (particularly as far as the results of financial management and social circumstances are concerned) in the impact of the start-up of the first basic structural changes, whether it is the conversion of arms production or cutbacks in the mining of ores and fuels. Generally it can be stated, however, that—in relation to the current stagnation of economic growth—the long suppressed wage demands in practically all branches and categories of workers are now beginning to increasingly assert themselves, which, together with the worsening of most of the qualitative indicators in production (combined with its overall decline) represents the main impetus to growing inflationary tendencies.

The impact of the other factors can be evaluated similarly: the effort to implement an across-the-board, insufficiently selective restrictive policy not only in the management of the budget, but also in the granting of credits; the naming of new people to the management of a number of agencies at both the central and the enterprise or local levels (in combination with the attendant unavoidable greater or lesser discontinuity in management); changes in the role and authority of the central agencies; significant changes in the overall sociopolitical and nationalist climate not only within the republic but also in its outward orientation.

Resources Are Declining, but Consumed National Income Is Growing

The manner and rate at which the economy is adjusting to new conditions during the current transitional period often have contradictory consequences, particularly in the dynamics of creating and using resources, but at the same time also in the efficiency of the production process.

It is characteristic of the current development of the economy that the entire replacement process is taking place in a situation where the level of the produced NI is declining on the one hand, and the volume of its domestic consumption is increasing on the other (measured in constant prices). According to present estimates, the volume of the produced gross NI [national income] was lower by 1.7 percent, i.e., Kcs2.6 billion, in comparison with the same period last year, whereas the extent of its internal consumption for capital formation and consumption grew roughly by 2.9 percent (Kcs4.4 billion). The total difference between the increase of the macro-aggregates of production and consumption has already reached (in comparison with the first quarter of last year) roughly Kcs7 billion.

To make it possible to temporarily consume more than produce, the growing deficit was covered by increasing the physical volume of imports (about Kcs1 billion), and primarily by reducing the physical volume of exports by about Kcs6 billion. In contrast, in the anti-inflationary plan for this year an opposite course is assumed: achieving an overall economic growth of 1.3 percent while reducing the volume of the domestic consumption of the NI by 0.4 percent.

The declining growth of production, so symptomatic in the first quarter for all branches (with the exception of trade and services for the tourist trade) is showing up in a concentrated form in the decline of the average daily industrial output, especially in the construction industry. Testifying to the stoppages in the production of material resources is the decline in the shipping of goods by public freight transport. Developments in the following months of this year are considerably differentiated, which is shown in the following table:

	Development of Average Daily Production (in Percent)					Estimate	
	January	February	March	April	January to April	May	January to May
Industry	- 2.1	- 2.2	- 1.1	0.0	- 1.3	0	- 1.3
Construction	- 3.1	- 3.2	+1.0	- 5.2	- 2.6	- 12	- 4.7
Transportation	- 8.8	- 11.2	- 11.7	- 14.7	- 11.5	- 14.5	- 5.8

The decline in the output of freight train transportation was caused mainly by the smaller loads of crude oil, tar and tar products, as well as loads of fuels by about 15 percent, loads of raw materials and construction materials by seven to eight percent, and ore and machinery products by about five percent.

As far as the material outputs of the agrocomplex are concerned, there was an increase in the purchases of animals for slaughter, which made it possible to meet the

higher demand by the local people as well as the increasing needs of catering facilities connected with the dynamically growing tourist trade.

The unfavorable quantitative as well as qualitative developments in the creation of resources combined with the considerably unbalanced and not very demanding environment in which the industrial and construction enterprises still operate, were accompanied by the efforts of those enterprises to use their monopolistic position in solving

their potential financial difficulties. The ability to adapt quickly to the demanding conditions of open markets and competition can be seen only to a small degree and only in a few of them, which fact is reflected not only in the difficulty in achieving a more significant overall marketing expansion, but also in the fact that the already achieved level of export and especially of its efficiency remained static. The impact of the lower quantitative and qualitative output of the Czechoslovak economy on the deepening of the disequilibrium continued to be moderated by the mobilization of our assets in some CEMA countries other than the Soviet Union and some other external and internal factors.

Generally, the availability of individual production factors slightly worsened during this year:

- enterprises of the state and cooperative sector are beginning to get into difficulties because of the departure of those workers who link a faster improvement of their standard of living with engaging in private entrepreneurship; in the new situation several tens of thousands of them have left their original work places;
- obtaining raw material resources from CEMA countries has become increasingly unreliable;
- although alternative sources are available in the hard currency markets, obtaining them depends on efficient export which is not available in the necessary amount;
- the method and conditions used to implement the credit and budget expenditure restrictions (while the cost effectiveness of production is worsening and there are stoppages because of inadequate fulfillment of indicators to which wage regulations are linked) have an across-the-board effect and thus as a consequence further hamstring even the promising enterprise sectors;
- that, together with the increase of trade barriers in a number of sectors makes it difficult to obtain resources for paying wages and leads to an increase of insolvencies in the enterprise sphere, as well as to an overall cutback of the growth output, which as a consequence immobilizes the sources of budget revenues.

The main source this year of the dynamics of domestic consumption of the NI (in relation to the fast growth of retail turnover, even after discounting the price increases) is personal consumption. Its physical volume increased in comparison with the same period last year by 2.5 percent, therefore substantially faster than was assumed in estimates of economic developments during this year (0.6 percent). It is more than would correspond to the dynamics of the creation of resources, but not more than in the 1st quarter of last year. But even with this increase (moreover partially used up by purchases of foreign tourists) we did not succeed in meeting the demand in a number of sectors and thus reduce the size of the imbalance in the range of goods that is beginning to manifest itself.

Similarly, there has been no success (despite the partial limits on expenditures for the army and security) in achieving more significant reductions in the material costs of running the nonproducing sectors. That is because of the necessity to resolve the problems that are becoming more acute in the area of health care, education, and some other nonproducing sectors, which requires supplementary resources that are greater than the savings in outlays.

A positive aspect of the present development is the fact that our economy is not further burdened by capital accumulation. Its share of the consumed NI has slightly declined in comparison with last year. But serious problems are showing up in its structural composition. It concerns developments in the area of investments, whose volume is in reality static although nominally it increased by 8 percent (particularly as a result of the growth of the volume of machinery and equipment, which were not included in the construction budget, by 25 percent), as well as in connection with an increase of inventories by about Kcs 5 billion.

Most of all, those components of the capital accumulation which create conditions for modernizing the economy and for a strong increase of the overall efficiency of development have not been sufficiently strengthened. On the other hand, the reduction of construction investments for the benefit of machinery investments and a strengthening of the share of investments for producing branches were a positive feature.

Contradictory tendencies in foreign trade can be demonstrated by an isolated decline of exports to the ruble area (decline of 18 percent during the first 4 months); the reduction of imports is also considerable (minus 9 percent) and this disparity is made possible by drawing on our previously accumulated assets. On the other hand, whereas the overall volume of exports to the hard currency areas is stagnating, in the meantime the imports from those territories have increased by more than 25 percent.

Gross indebtedness declined from the beginning of the year to the end of April by \$8 billion to \$7.1 billion, but as a result of the devaluation of the Czechoslovak koruna in relation to free currencies, the debt expressed in korunas grew from Kcs113.8 billion to Kcs117.8 billion.

Direct Attention to Higher Efficiency

The pertinent problems, accompanying economic development in individual production sectors, were immediately reflected in a declining efficiency of the production process. It has reached such an extent that it is no longer possible to explain it merely as a reflection of the internal political events within the enterprises and the destabilization of their management with the resulting decline of work discipline and productivity.

The concurrence of poor results caused by lower performance and worsening cost effectiveness is cumulatively reflected primarily in the considerable shortfall in the profit from domestic economy, which thus far represents

in comparison with last year about Kcs 5.3 billion. On the other hand, as a result of the changes in the exchange rate very good profits from foreign trade were achieved, where in contrast to the estimated Kcs 11.3 billion for the entire year, Kcs 4.4 billion, i.e., 38.6 percent, has already been reached.

By reaching the value of net production in the amount of Kcs 116.8 billion, 23.7 percent of the yearly estimate was secured, which is a little less than last year (24.1 percent). The stagnating outputs and unfavorable development of material cost effectiveness cannot therefore be compensated for by the high profits achieved in foreign trade.

The complicated situation is further illustrated by the news about a considerably differentiated overall financial situation in individual enterprises. After a temporary decline in the level of insolvency, signals that it is again on the rise are coming from some sectors. By 30 April, it has already reached Kcs 13 billion, i.e., almost double what it was at the beginning of the year. A number of enterprises do not have funds available for technological development and capital investment, while the situation is particularly severe for unfinished construction projects which last year were still being subsidized by the redistribution of resources, and that is no longer be possible this year or in the future. In most cases, enterprises and sectors expect the situation to be resolved by means of credit or irreclaimable grants, or possibly by increasing wholesale prices, particularly of goods intended for capital investment.

Because of the pressure of time, the Federal Assembly, in its discussion of the new proposed state budget, adopted the principle that in the 1st quarter of this year a provisional budget will be implemented, with the condition that total outlays will not exceed 20 percent of the proposed amount for the entire year and will be fully covered by budget revenues. The main goal of all the measures was to create already from the beginning of the year conditions for realizing the proposed surplus budget as such.

Judging by the results thus far (and with respect to last year's 13 billion deficit), overall this objective is being fulfilled this year for the time being, with, of course, many deviations in individual items of revenues and outlays.

During the first 4 months of this year, a surplus of Kcs 7.3 billion was achieved, with an increase in outlays of 0.9 percent (but calculated is a year-long rate of 2.2 percent) as well as a lower increase of budget revenues (which increased by 5.1 percent instead of 7 percent). As a result of the difficulties in achieving the planned profitability of economic organizations, the rate of increase of the levies on profit is lagging (by about one-third), while (given the dynamic growth of wages) the rate of increase from the levies on wages is more than 50 percent higher than was assumed.

From what has been learned thus far from the economic developments during the initial months of this year, the following summary conclusions can be drawn:

1. After stagnating at the end of last year, the economy went into an absolute decline during the course of the 1st quarter, which, however, ended in the ensuing months. That has its causes and also positive and negative consequences. The economy is now standing at something of a cross roads, when it is not yet certain which factors, whether those that would lead to growth or those that would lead a decline, will predominate. The trend thus far, when a discord between the lower material volume of production and the growing financial flow in the economy rather points to a warning downturn.

2. The dynamics of the production and consumption of the NI is in direct contradiction to the tendencies built into the state plan: moreover, it corresponds only very little with the approved state budget. These and other differences (for example, between the state plan and the enterprise plans) signal growing movement toward a disequilibrium.

3. The decline of the growth dynamics is accompanied by the general decline in efficiency, which is manifested in the strain of creating financial resources. At the same time the redistribution mechanisms are ceasing to function, and the vacuum is not filled either by a reallocating influence of the state budget, the instrumentality of the banking system or the traditional coordinating function of the branch ministries. Although that contributes to the dismantling of the old redistribution processes with their negative influences (drawing off funds from prospering enterprises and giving them to the less efficient ones) and thus breaks the inertia of the traditional redistributing linkages, at the same time no new redistribution mechanisms have emerged that would act in an analogous way. Those which may have emerged are developing without control and outside the system of commercial banks.

4. The overall balance in individual markets was maintained, although with deepening structural imbalances, because:

—increased purchases on the domestic market are made possible by, among other things, the transfer of deliveries originally destined for the CEMA markets. At the same time there is a growing influence on the domestic market by the shadow economy and foreign visitors, who (given the exchange rate of the koruna in relation to hard currencies) take advantage of prices that are lucrative for them;

—in foreign trade it will be necessary to evaluate very soberly the reduction of the amount of our assets in the ruble area, as well as the pertinent causes of the decline in foreign indebtedness in hard currencies;

—the enterprise sphere took advantage of the devaluation and is targeting a considerable part of its production to the area of hard currencies, often even to the disadvantage of traditional domestic consumers.

If further decline of production should occur, the socio-economic development will proceed—as expressed in physical terms—at a lower level. As expressed monetarily, it will be obviously the opposite. As a result of the price increases there would be a growing gap between the volume of physical aggregates of production on the one hand, and their faster growing nominal expression on the other, which is highly undesirable on a larger scale.

It is therefore essential, even in the new, now a market mechanism, to find efficient means for keeping down the price level in individual areas, and to selectively direct any possible further limits on production primarily to sectors with poor prospects.

Sources: Bulletin of the Federal Statistical Office 1-5/90
Working papers of the State Planning Commission

Ten Steps on Road to Privatization Published

90CH0398C Prague OBCHODNI LISTY in Czech
4 Jul 90 p 1

[Editorial: "Ten Steps in the Strategy for Privatization"]

[Text] We are publishing, within the framework of the discussions now taking place among experts about the governments' plans for removing national wealth from state control and privatizing, some crucial points of the program which express the position of the Union of State Enterprises and Joint Stock Companies. They express the concern about the possibility of strengthening the bureaucratic apparatus of the government, should the concept be realized as presented by the government, and they also show that the enterprise sphere is not afraid of a radical reform, that it only wants to be directed, inasmuch as it must be directed during the transitional period, by an economic entity and not by a government institution. Proposed for that role is a National Wealth Administration, conceived as a banking institution, as the bearer of the financial capital created by national, gradually privatized assets.

1. The basic goal of the removal of state control and privatization is to effect a basic change in the behavior of economic entities—individuals and groups, and to induce them to become innovative and adjust to the needs of a demanding market. Their independence in economic decisionmaking and full responsibility for the consequences is a requisite for achieving that goal.

2. In accord with this goal, by abolishing state control we understand the liquidation of the paternalistic and protective relationship of the state and the government agencies with the enterprises.

3. Privatization we understand as a stage following the abolition of state control, and it concerns the following enterprises:

—where the owner will be also the entrepreneur and the organizer of the production process,

—whose successful performance in the market is based on the participation of private, especially foreign, capital, bringing in new production factors and improved conditions for doing business, specifically increased capitalization, access to foreign markets, new technologies and know-how, including improvements in the inner management of enterprises.

4. An essential requisite of privatization and at the same time a part of the implementation of the privatization process is a realistic market evaluation of enterprise assets, that would be acceptable to foreign investors as well. Among other things, it also assumes that the enterprises of the created market will have been freed of state control. Also connected with the evaluation of assets is the liquidation of properties that the enterprises do not need as well as of the credit for the continuous need for working assets which is being provided for the time being by banks.

5. The property of enterprises removed from state control but which will not be privatized will become part of the national wealth. The National Wealth Administration must be set up as an economic entity, as a financial not an administrative directing office, if our objective is to have these enterprises act like market entities. Therefore the National Wealth Administration must not be under the control of the government or any other executive government agency, it must be separate from the state budget; that means, it must be outside the control of the state. The status of the Administration should therefore be analogous to the status of any banking institution. The National Wealth Administration will at the same time be the possessor of all the state interests (for example, stocks) in companies with a share of private capital.

6. Enterprises removed from state control, which are managing properties that are part of the national wealth, will have various forms of economic relationships with the National Wealth Administration. Particular attention is due to leasing, where the lessee undertakes to pay regularly and continually the agreed upon sums from the leased property without reducing the value of the original capital. (The payments of the negotiated sums to the National Wealth Administration to be part of the production and distribution costs of the enterprise.)

7. The form of organization and management of the enterprises which manage the property that is fully or partially part of the National Wealth Administration, is their own internal affair and shall be regulated by appropriate legal norms. No government agency may interfere directly into the activities of those enterprises. The National Wealth Administration will interfere only if an enterprise does not meet its obligations to it. This

will at the same time create an economically sufficient framework for creating conditions that will motivate managers to achieve an optimum development of the enterprises.

8. In establishing management agencies for the enterprises removed from state control, appropriate use will be made of the provisions on supervisory councils in the existing law on state enterprise, with the proviso that the safeguarding of the interests of the state in these councils will be transferred to the competence of the National Wealth Administration and will be regulated by appropriate legal norms.

9. The point of departure for the privatization of national properties which are now managed by state enterprises must be in all cases the managerial decision of the existing economic entities (enterprises) in cooperation with potential investors. They capitalize their savings or otherwise gained assets and accept entrepreneurial risks. For that reason it is not possible to have government agencies categorize enterprises for privatization, no matter what criteria it would choose, and determine the sequence, form, and subjects of privatization. Its role in the process of privatization must rest exclusively in making certain that the appropriate legal norms are being observed. Similarly, it is not admissible from the economic point of view that investors by created administratively by government agencies without making the necessary sacrifices for this role. That applies also to the method of distributing property coupons to the public. We would like to note in this connection that the submitted views are not dictated by the dubious suspicions about efforts to establish some enterprise ownerships.

10. The national wealth must be built according to principles which correspond with the policy of forming the Czechoslovak Federation as a union of two sovereign republics. There is no reason to create specific regimes for managing the national wealth at the federal level. That also applies at the level of municipalities, towns, and regions. Their financing must be designed by the newly created tax and levy system, and not by complicated procedures of placing the national wealth under community (municipality) management and subsequently privatizing it.

Low Unemployment Shows Economic Reform Stagnating

90CH0397A Vienna DIE PRESSE in German 23 Jul 90
p 8

[Article by Erich Hoorn: "Privatization, Tax Reform as Initial Steps Toward Market Economy"]

[Text] Vienna—Czechoslovakia is taking initial steps toward the establishment of a market economy. There is a widespread realization of the need to privatize the state enterprises and to modernize the economy. In addition to measures designed to stabilize the Czech crown and to liberalize foreign exchange, priority is being given to

planning for changes in the tax system. The transition will call for a great many sacrifices, the Prague economic journal HOSPODARSKE NOVINY says. The country must now find ways to deal simultaneously with unemployment, foreign debt and a shrinking economy.

Financial experts have just submitted a first draft for a new tax system which calls for uniform income taxes. The existing turnover tax is to be replaced by a value-added tax. Foreign trucking companies will be required to pay road user fees. The new tax system which has been brought into line with that of the EC will go into effect in 1993.

In preparation for the reform, 143 tax revenue offices will be established by 30 September. The existing tax administrations are to be dissolved by 28 February 1991.

In an interview with DIE PRESSE, Czech minister Karel Dyba said that the privatization law will be dealt with by parliament in September at the latest. In an article which appeared in a professional journal, Dusan Triska emphasized that "there is a need for quick privatization," adding that no more than 10 enterprises could be privatized in the space of a year by traditional means. "In view of the fact that there are several thousand state enterprises in the CSFR, privatization would take several hundred years. Triska says that one possibility would be to distribute shares in these enterprises to the people by means of so-called "investment coupons." For its part, HOSPODARSKE NOVINY pointed out that this scheme was based on an "invention of a handful of individuals" which runs counter to the world trend.

Meanwhile a labor market is being set up. Employment offices are being established on 1 August. As of the end of May, 8,880 Czechs and Slovaks were without a job. 3,000 of these applied for unemployment insurance. At the same time, there were between 60,000 and 70,000 vacant positions.

The currency, too, is to be strengthened. This calls for restrictive monetary policies and for paying off the debts of the enterprises. The plan is to secure the soundness of the remaining loans. At the same time, the Czechoslovak crown should be pegged to a convertible currency such as the ECU or the D-Mark. The CSFR would like to become a member of OECD which is made up of the 24 major Western industrial nations.

No Foreign Currency Restrictions for Travel Abroad

For the first time ever, the Prague government has liberalized foreign currency allotments for travel abroad which also strikes a blow against the black market. The previous restriction of 2,000 crowns per person per year at the official rate of exchange has been lifted.

Czechs and Slovaks will have to dig deep into their pockets for the additional amounts, however. They will have to obtain their money at so-called "foreign exchange auctions" where Western currencies are a great deal more expensive. At the official exchange rate the US

dollar sells for about 17 crowns; but at the foreign exchange auctions it sells for 36. The difference between the two rates might decline as a consequence of liberalization, however.

Agricultural Land Law Recommendations Made

*90CH0360B Prague HOSPODARSKE NOVINY
in Czech 1 Aug 90 p 5*

[Article by Ema Baresova, doctor of law, Federal Ministry of Economy: "Will a Land Bureau Be Established?"]

[Text] One of the laws whose prompt adoption is generally considered necessary is the land law. However, the views about its contents differ according to the views held by individual groups of citizens and experts. Consequently, they range from preferential protection of interests of individual landowners up to the highest possible protection of public interests, ecological standpoints, and prevention of speculations with land. Even views on advantages of nationalization of land have been expressed. The first draft of the law on land (real estate) was prepared in the second quarter of this year by a task force appointed by the FMZVz [Federal Ministry of Agriculture and Food].

The concept of the land law, as advocated by experts involved in land protection, proceeds from the experience of states with advanced economies, and presupposes a comprehensive new system of property and users' relations based on expert planning of efficient use of the countryside for production and nonproduction purposes. The view prevails that although this solution may be the most advantageous, it requires extensive planning, survey and organizational operations; that would take many years and until then, relations to land must be arranged so as to reflect public needs during our transition to a market economy.

Therefore, the law should follow several main objectives:

- In land relations it should consistently implement constitutional regulations on equality of all types of ownership.
- All still existing complex and unfair users' relations to land must be removed, and their consequences for individual owners and users must be dealt with.
- The state must have the necessary effect on the solution of relations of individual subjects to land as concerns protection of land and its best possible utilization not only for economic purposes but also for the preservation of other functions of the countryside.

When drafting the law, the necessary point of departure is that the civil code will define the contents of basic rights to land, i.e., the right of its ownership, use and lease, and that the land law as *lex specialis* should resolve only certain relations stemming from the specificity of agricultural, forest and water management and related issues of real estate amendments. Among specific issues

will be, for instance, restrictions on possible division of unified economic units of agricultural land—namely, certain stipulated acreages—during transfers of ownership; and furthermore, protection of land for which its owner does not care.

As for protection of agricultural land resources, still included in law on protection of agricultural land resources, No. 53/1966 of the Collection of Laws, in the version of Law No. 75/1976 of the Collection, the view prevails that only the most urgent amendments should be adopted at this particular time. A comprehensive revision should be made only after new economic and institutional relations are clarified. It is assumed that in the future mainly economic mechanisms should be applied for the protection of our agricultural land resources.

Another among the main issues concerns the question whether the law should apply to agricultural land alone or also to areas covered with forests and water. Experts from the participating ministries unanimously concluded that the law should stipulate relations for all those kinds of land resources.

In addition to the above-mentioned linkage with the civil code, the law now being drafted must review or replace the legal amendment still appearing in several other legal regulations. That will affect in particular the regulations about the property of the state, organizations and citizens, such as, for example, the economic code, the announcement on administration of national property, the law on agricultural cooperatives, the law on second land reform, the law on economic-technical adaptations of land, and laws on forests, and in addition, the law on exploitation of land and other agricultural properties for production, whose effect now is very limited. It only applies to lands where the relations between the owner and the user organization have not been resolved.

The draft law must therefore replace the above-mentioned legal amendments with a new, simple and easily comprehensible one, and stipulate equal rights of all landowners, be they physical or legal subjects or the state. The task force based its concepts of the new legal amendment on the following principles:

1. Land in the state ownership will be integrated in the real estate fund which may be, for instance, a contributory organization established by an appropriate agency of the republic. The real estate fund will lease the land, assign it for use, or transfer it to the ownership of state enterprises, or other legal and physical subjects, in conformity with the objectives of the privatization process. It is presumed that special laws will formulate the method of transfer to foreign subjects. The law may also deal with cases of purchase of land according to the laws

of the second land reform, for which no compensation has been paid to date; upon the proposal of the former owner, his former (or some other) real estate property will be transferred free of charge from state ownership to his private ownership if the original owner will intend to manage his land by himself or through other persons. Similar solutions may be chosen in cases of involuntary gifts of land to the state during the 1948-1989 period.

In accordance with national interests, the real estate fund will promote the most efficient use of land for production and nonproduction purposes. At the same time, it will oversee the social development of our countryside. For instance, it may encourage the establishment of family farms, publicly beneficial enterprises, etc. The law will stipulate criteria which will give preference to interests of various subjects, for instance, current users, local citizens, or families with children. By the same token, it will introduce a right giving the state priority in purchase of land transferred from state ownership to other subjects.

2. Land owned by cooperatives and other legal subjects will be at their complete disposal.

3. The most complex solution will involve legal relations to land owned, but not used, by citizens.

If that land belongs to members of agricultural cooperatives, such relations will be determined by a special law (for the time being, the law on agricultural cooperatives).

If that land is owned by other citizens, special regulations stipulating the right to use land free of charge for agricultural and forest production will presumably be revoked. As a result, legal relations to such lands must be defined for instances where the owner either does not want to take care of his land, or is unable to do so, or when he is not known.

It is presumed that the land resources fund will manage such lands at their owners' expense. Here we must consider whether in such cases the law should not specify a term during which the owners may claim their ownership rights; if they fail to do so, their right of ownership will be transferred to the state for appropriate compensation. In other instances the owner can freely use his land.

It will be difficult to specify owners' and users' relations because they are now tangled and undecipherable. Today various users' rights overlap not only owners' rights but also other users' rights. Therefore, it is necessary to establish a state agency to straighten them and help find contractual solutions for transfers of ownership and use. Is such an agreement cannot be reached, that agency may issue an administrative decision and then act with the participation of involved landowners and land-users to settle legal relations to individual lands, namely, with respect to ecological demands and especially to requirements of land protection and optimum use of agricultural land resources.

It is anticipated that the appropriate national council will organize a land bureau as an agency of state administration. The land bureau will have local organizational units. With the aid of professional organizations it will process proposals for the most efficient use of land. In addition to above-mentioned operations, it will issue decisions on land reform and participate in registration and assessment of lands.

The current time makes great demands on our legislature; many new laws of essential importance are being drafted almost concurrently; so it is hard to predict with assurance how the system of future legal amendments will turn out, in other words, whether their arrangement will be contained in one or several norms. However, it is indisputable that amendments to land laws and especially solutions of land reforms based on owners' claims of right to their own land, should be on the agenda as soon as possible.

'Maximum Prices' Announcement Causing Confusion

90CH0400A Prague ZEMEDELSKE NOVINY
in Czech 10 Aug 90 p 7

[Article by Eng. Milena Melezinkova, Federal Ministry of Finance: "Prices Are the Maximum"]

[Text] The increase in retail food prices (it should be mentioned that this was more or less expected by the Center Party), and especially of products from cattle, has resulted in difficulties in selling beef, butter, some cheeses, and a number of other food products.

The first response of the primary agricultural industry was total bewilderment and ultimatum-like demands for a radical decrease in retail prices of beef and other products, where sales are essentially stagnating, and for compensation from the state budget for losses that are being suffered.

However, the primary agricultural industry, the processors, as well as the businesses must necessarily and quickly realize that this solution is out of the question. Full compensation was made to the citizens for the increase in retail food prices, and that is why the state budget has no financial reserves to resolve this situation. Naturally, the citizens are behaving according to economic principles on the market, and they are decreasing the demand for products that they find expensive, and that they can substitute with something else that is more acceptable in price.

The entire situation is a consequence of past "cheap food" policies, which absolutely separated retail food prices from their production costs. Thus production did not have the correct feedback from the past to correct its costs and to possibly change its structure. It was not possible to continue this "vicious economic circle," to the contrary, it was extremely necessary to break it up. For example, the national production costs exceeded retail prices by 103 percent in the case of fattened cattle,

by 113 percent in the case of butter, and by 130 percent in the case of milk and cheese.

One should also bear in mind that when adjustments were being made, all the negative taxes, accumulated over decades, were certainly not deducted from the retail prices of beef, milk and milk products, or from chickens and turkeys. On an annual volume basis (at the 1989 level) almost Kcs8 billion were transferred to decrease the purchase prices of these products, and equalized for farmers by temporary premiums. Thus, with an increase of Kcs27 billion in the annual volume of retail food prices, an additional total of Kcs36 billion of various types of subsidies remains in agriculture, and this has two important objectives in retail prices: firstly to bring the relation of retail meat prices closer to normal relations in developed countries with similar nutritional habits, and secondly temporarily to protect the primary agricultural industry against an even greater drop in demand for products from cattle breeding.

The only solution, however difficult and painful, is to decrease costs in the entire vertical chain of production and the food cycle. Already now, despite sales difficulties, price regulations are making it possible to sell products in all price categories, i.e., in purchase, wholesale, and retail prices, for lower prices than the officially fixed prices. This problem is addressed in Section 4, paragraphs 3 and 4 of Ruling No. 22/1990 Sb. [Collection of CSSR Laws], on the creation and control of prices, published in the Collection of Retail Prices of Food Products, valid as of 9 July 1990, where there is a provision that retail prices are maximum prices throughout the territory of the CSFR.

In this sector, the negative sales tax was rescinded as of 9 July this year and, in principle, Tax O, which is a rate tax, came into force in the following sectors: 763—artificial casings, 764—fattened livestock and meat products, 765—products from small farm animals and game, 767—dairy products. Thus every producer of raw materials, every processor, and every business must weight its options and revitalize sales by dropping their prices.

Agricultural Policy, Price Increases Viewed

90CH0400A Prague ZEMEDLSKE NOVINY
in Czech 11 Aug 90 p 7

[Article by Jaroslav Vostatek: "Price Increases for Expensive Food and Agricultural Policies"]

[Text] The transition to a market economy will bring a number of basic changes with it. Their specific form is unclear at this time—which, to a certain extent, is understandable due to the revolutionary nature of the economic reform that has started. But it is necessary to strive to make it more specific for very practical reasons—to facilitate the adaptation of individual commercial units.

One could say that the analyses and (short-term and middle-term) prognoses are the weakest point of the economic reforms that are being implemented. The Czechoslovak parliament's demand that the Federal Government draft various scenarios for the transition to a market economy is fully justified. There is too much at stake for us to be able to approach the transformation of our economy exclusively or predominantly with the help of macroeconomic considerations and corresponding steps such as total liberalization of prices, including rates and wages. The specifics in the main sectors of economic policies, even in market economies, are also set by political considerations and interests. In addition to that, our basic conditions in the individual branches and unions (as well as enterprises) are very different—when compared to the world. Agriculture provides very fundamental evidence of this. When changing to a market economy, it is necessary to bear in mind the ability of agriculture to adapt, apart from the special beginning conditions.

The Czechoslovak agricultural market was, and is, distorted in many ways; nevertheless, one of its auspicious conditions is its overall equilibrium (or rather, its balance). Another positive point is the large number of existing enterprises—although they are predominantly too large. These are extremely important prerequisites for a quick transition to a market economy. Liberalization of the import of agricultural products is not truly mandatory in order to create suitable market structures. But at the same time, it is not necessary to give up a certain amount of import liberalization—at least so as to quickly suppress the production of several extremely expensive domestic agricultural products, whose costs and prices in relation to import prices substantially exceed the auction foreign currency rate. Yet we must naturally also consider the special characteristics of world agrarian markets, strongly distorted by the former agrarian policies of developed market economies and their groupings (particularly the EC).

Our analyses came to the conclusion that the retail prices of domestic foodstuffs were higher in our country than in the FRG (by 15-20 percent), and considering the high level of food prices in the FRG and other developed countries, it would be possible to state the hypothesis, that even before our food prices went up, we may have had the most expensive food in the world. Before food prices increased on 9 July 1990, we consumed more food than is reflected by our overall living standard. Shortages in the supply of other products, and other factors played an important role in this, as well as subsidies.

The reasons for increasing prices were the high subsidies, which in our country took on the form of subsidies for retail prices (negative turnover tax), various subsidies for purchase prices, and to a certain but lesser degree, the form of lower profit taxes. Even when the relatively high level of retail food prices in the CSFR are taken into consideration, it is apparent that the extent of subsidizing agricultural production was substantially higher in our country than in the FRG. Through a price

"shock"—a sudden 25-percent increase in the retail price—this extent of subsidizing was substantially decreased (by about 50 percent); nevertheless, our subsidies for agriculture are very much higher than those of our Western neighbors.

There are not yet sufficient data to evaluate the price increases in food since 9 July 1990. There is not only an overall lack of analytical data, but also an insufficiently clear strategy of the Federal Government's economic policies. Without a general scenario for the economic reform, it is difficult to evaluate an individual step. The 25-percent increase in food prices could even be too low—depending on the situation on the food and other goods markets, and also depending on how high the overall price increase will be. That is why I had to restrict myself to just a few comments.

We based our prognostic analyses on the overall high level of consumer food prices and also on how realistic a fundamental decrease in agricultural costs would be over several years—if there were a consistent transition to a market economy. From this I deduced that a greater increase in food prices would be unnecessary—in comparison to the overall dynamism of consumer prices. In addition, at the beginning of this year, I assumed an increase of at least five percent in the level of these prices, and I considered that keeping the inflation rate below 10 percent was a realistic objective. Since then, some deterioration has set in (of domestic and foreign origin), and therefore I now consider a range up to 15 percent to be an "appropriate" increase in retail food prices. The above-mentioned points also consider the ability of agricultural production to adapt to changes in demand. Specifically, this concerns the demand for beef and milk. The drop in domestic demand, for example, around 20 percent, cannot rationally be made up by an increase in exports, since export subsidies are basically higher than the former negative turnover tax. (A similar situation—though for a different reason—is the loss suffered by the national economy in boarding and feeding tourists from countries with freely convertible currencies—even following an increase in food prices.) Some excess of supply over demand is, however, necessary—in the interest of "starting up" market pressure on the producers with the highest costs. And at this point it is necessary to realize clearly that already now it is possible and necessary to begin to eliminate those agricultural enterprises that will not be able to keep up with the rate of economic reform. A number of enterprises will only realize this fact only after several agricultural enterprises have gone bankrupt. It is in the interest of less efficient and loss enterprises to avoid bankruptcy by reorganizing the enterprise—decentralizing, privatizing, etc. This type of demanding market environment can be realized in agriculture within a period of approximately one month, it is not necessary to wait until 1 January, or any other date, next year. The Federal Government should support quick marketization of agriculture, for example, by rescinding the regulation of wages, and regulational payments in agricultural enterprises, by a

liberalization of retail and wholesale prices (as well as business markups) on the majority of food products, as well as by other measures.

The level of purchase and consumer prices of food products can be sufficiently regulated through stable (or maximum or minimum) prices of key products, which will also sufficiently regulate the farmers' income. The deregulation of wages in agriculture will become an essential motivating force to decrease production costs. I consider the rescinding of the positive turnover tax (as well as the supplemental turnover taxes) on domestic and imported foodstuffs to be necessary—as soon as possible, and not only from 1 January 1990. It will be necessary to clarify the fate of the state equalization surcharges of Kcs140 per citizen—even if its origination was logical, it is still a matter of a subsidy from the state budget. The negative sales tax (except for Kcs8 billion) has been substituted by a negative per capita tax, which has as its priority neutrality toward consumption (in contrast to individualized turnover tax), which, however, has no place in a rational system of budgetary incomes and expenses. The fate of the equalization surcharge should be implemented by the end of this year—it is illogical to use contributions from the state budget for the running expenses of more individuals than is socially necessary. The actions in respect of food prices could then also be seen in a different light.

Agricultural policies in developed countries are characteristic, specifically economic, social, and ecologic policies. Income and price viewpoints and tools play a fundamental role in them. Although we have a number of problems in agriculture that are totally different from those of developed market economies, we will also have to have a specific approach to this specific sector of the economy. One cannot mechanically apply lessons from economic theory textbooks to agricultural policies (or to some other sectors).

Food prices in our country are high, and their production costs are even higher. The transition to a market economy will obviously be linked with an overall absolute decrease in food consumption, even if an optimal strategy of economic, social, and ecologic policies is chosen. The positive side of this overall drop in food consumption and, most probably, also production, will primarily be a substantial drop in unit production costs in agriculture.

'Slansky' Agricultural Program Published
90CH0400A Prague ZEMEDLSKE NOVINY
in Czech 11 Aug 90

[Article by Martin Marik: "Slansky Agricultural Program"]

[Text] Theme: "Responsible use of land can be ensured exclusively through its private ownership, combined with ownership of other means of production."

"One of the sources of pluralistic democracy is individual economic freedom and the inviolability of honestly acquired ownership."

The above-mentioned principles have been negatively fundamentally violated for a long time in our country. That is why the process of reprivatization and privatization must be implemented according to the following steps:

At this time, almost daily, we hear and read various appeals, proclamations, opinions, and program statements by specific "mutual interest groups"—and farmers are among the leaders of these activities. Not infrequently these are somewhat short-sighted, and maybe even misleading opinions. But this is the very thing that demonstrates to us that we still lack a clearly formulated concept for our agricultural policy. That is also why we frequently do not know what to do in specific situations, which need an immediate solution, but simultaneously must be in accordance with general objectives.

Agricultural parties, particularly the Czechoslovak Agrarian Party [ZN], have a relatively well-developed program to rehabilitate agriculture and the countryside. Generally speaking, the Association of Czechoslovak Entrepreneurs in Agriculture also has a purposeful and specific conception. We will gradually bring more details about these and other programs in the ZN.

However, it is a fact that a fundamental concept must be introduced by the Ministry of Agriculture together with the Civic Forum [OF]. At a recent national conference of the agricultural branches of the OF, on one hand it was stated that the Czech Minister of Agriculture has a mandate from the OF, and on the other hand, at the very same meeting, the OF representatives themselves declared that the only guarantee for positive changes in our agriculture and in the countryside as a whole is the Civic Forum as the leading force in society.

In my opinion, it is in agriculture, in particular, that the OF should be more emphatic, if it wants to achieve any results. Constantly pointing to the "harmfulness of old but still functioning structures" is, admittedly, well-founded, however, practice also needs positive approaches immediately—concrete suggestions of what to do, how to do it, and when to do it.

The OF is beginning to realize this now, and that is why the agricultural branch in Slany drew up the so-called Slansky Agrarian Program, which we are going to print in full. The OF will have a fundamental agricultural concept prepared by the beginning of September, according to the statement by the coordinator of the commission for agricultural branches, Dr. of Veterinary Medicine F. Fejfara. I cannot resist commenting that the OF's agricultural program is a little late, and mainly that it is too general. After all, this opinion was confirmed by private farmers, who survived collectivization and normalization. But, of course, a lot also depends on the

agricultural public itself, as which of the submitted suggestions it will accept or reject. Debate is an integral part of democracy.

Reestablishment of Land Ownership

- The situation preceding February 1948 must be considered as the starting point for correcting ownership relations; that is why it is necessary to rescind all legal acts implemented, in particular, on the basis of the following laws and governmental statutes: 55/1947 Sb. [Collection of CSSR Laws], 46/1948 Sb., 50/1955 Sb., 123/1975 Sb.
- All donations of land by private owners to the state realized after February 1948 must be declared null and void.
- All those persons who were unjustly sentenced in the past must have their ownership rights restored; these rights must be restored within the framework of their rehabilitation.
- Land that was owned by the state before 1948 should be transferred to the ownership of the community.
- Land, whose owner cannot be determined should be transferred temporarily to the ownership of the community; if, within a set time period, the owner cannot be determined, it will permanently remain in the ownership of the community.
- The principle that only the owner has the right to use land and to freely dispose with it, without taking its size into account, must be anchored in the law.

Reestablishment of the Ownership of Other Agricultural Assets

- The value of other agricultural assets in relation to a unit of value of land farmed by the enterprise must be reestablished on the basis of evaluating all assets belonging to the ZD [Agricultural Cooperative], resp. state farm.
- Asset coupons should be issued to the original property owners, so they can buy other agricultural assets from the enterprise using their land; the owner will receive coupons to a value according to the share that his land has in the value of the whole enterprise.
- An owner whose property has been destroyed or devalued, also has a right to asset coupons in an amount equal to the damage caused.

The Creation of New Legal Entities (Agricultural Cooperatives of the Ownership Type)

Owners, who prefer cooperative farming, will join together in agricultural cooperatives of the ownership type, founded on the following principles:

- The cooperative is a voluntary association of owners.

—The member invests land and capital in the cooperative, represented by the value of other agricultural property and assets or monetary resources, in an amount of his own choice.

—The member invests land or capital in the cooperative in the following way:

a) A membership share—this is a capital investment through which the member bears liability for the results of the cooperative's operations, and which essentially determines his share of the profits made by the cooperative and the importance of his vote in Members' Meeting elections.

b) A membership investment—this is a capital investment through which a member does not bear liability for the operations of the cooperative, and which is like a loan to the owner of the cooperative; the member receives a steady income from it. This capital investment is like a bond payable on demand with a fixed term of notice, and therefore payment can be demanded even while the investor remains a member of the cooperative.

—The member may decide that he will not invest land or other assets in the cooperative, either as a share or as an investment, but that he will retain private ownership of it, and he will put it at the cooperative's disposal on the basis of a lease agreement. This form ensures the inviolability of his assets if the cooperative should fail.

—The member has the right to leave the cooperative on expiration of the given term of notice.

—The highest agency of the cooperative is the Members' Meeting formed by the owners of the membership shares. Owners who decide not to join the cooperative may become independently operating farmers.

Provision of Advantageous Credit for the Purchase of Land and Other Production Assets

—So that farmers, who do not own land or agricultural assets, can fully participate in the operations of agricultural cooperatives, or establish private farms, they will be given a state-guaranteed option to receive advantageous, long-term credit for the purchase of land and other production assets.

—Common land and agricultural assets administered by communities are property resources that are primarily meant to satisfy the demands of employees in agriculture who do not own land.

The Auction of Assets Belonging to Present ZD's and State Farms

—Other agricultural assets of former agricultural enterprises are the subject of auctions.

—Participants of the auction are the representatives of newly founded agricultural cooperatives, private farmers, and representatives of communities who

acquired ownership of former state land and land whose owner has not been determined.

—Whenever it is possible to determine the original owner of all assets of an agricultural enterprise or his heir, this person has the priority right to purchase it for a price that is the difference between the original value and the present value.

—The auction is arranged by the nearest superior state administration unit that has authority over the communities.

—The purchase is made with asset coupons or with financial resources.

—Assets that cannot be auctioned are transferred to the ownership of the community.

—The asset coupons stop being valid once the auction is closed.

This concept of agricultural reform ensures the fulfillment of the following aims:

1. The smooth transition of present agricultural enterprises to cooperatives of the ownership type and to private farms. The former appearance of these artificially combined colossi has already proved that it is not capable of ensuring the production of cheap and high-quality food, and therefore that it is not viable.

2. The reestablishment of the relationship of farmers to the land and other production assets, which guarantees both the effectiveness of production and environmental protection.

3. The creation of an effective power counterbalance to "old structures," which up to now controlled a large part of the countryside.

4. Property equalization for farmers who were negatively affected by the communist regime.

How Can One Start To Farm Privately?

How can one deal with thousands of problems, including negotiations to free land, the guarantee of finances, the purchase of suitable mechanical equipment, the construction of necessary buildings, assurance for suppliers and purchasers, etc.?

A mere law on privatization is not enough. Privatization appears to be a very uncertain step which a farmer cannot afford without necessary backing. A real need for services is being created.

FARMCONSULT is the first independent, nonprofit association of experts that is willing to help deal with the problems of the beginning farmer or group of farmers. It is made up of experts from the fields of law, finances, economics, agricultural production, technology, construction, etc. Instead of the farmer himself running from office to office, shop to shop, and institution to institution, it assumes this problem for him. It will

realistically evaluate his chances of becoming independent and asserting himself and his enterprise. It guides him during negotiations. It suggests to him the direction he should take with his production, the procedures to be followed in investment, and other necessary steps. It becomes his permanent adviser and helper. The farmers' conceptions will shake off out-dated and obsolete opinions on enterprise. They will have the opportunity to become familiar with forms of farming utilized in Western Europe and the world through the mediation of FARMCONSULT.

Interested parties may contact the temporary address:

Eng. Vlastimil Tlustý,
Poste Restante, 274 01 Slany.

Lack of Interest in Private Farming Slowing Privatization

90CH0398E Prague ZEMEDELSKE NOVINY
in Czech 18 Aug 90 p 1, 3

[Article: "New Private Farmers Are Rarer Than Hen's Teeth for Now; More Interest in Private Plots"]

[Text] Prague (ZN)—There are not many people today who want to have a large acreage of agricultural land returned to them and start farming on their own. People who have been members of cooperatives until now are more interested in obtaining or increasing their own private plots. Although our look at the enterprises mostly confirms this fact, it is not possible, of course, not to take into account the justified requests of the original owners of the land. Moreover, a thoroughly worked out legislation and other sensible support would certainly increase the interest in farming.

Nevertheless, yesterday our local reporters obtained the following information:

They Will Make Requests After Harvest

Obviously the greatest number of requests for returning agricultural land into private hands has been registered in the Olomouc region by the Agricultural Cooperative Dolany with headquarters in Bohunovice. At present there are 25 specific requests, of which two have been already processed as far as legal matters are concerned. But these are not cases where some citizens want to begin private farming. Because of their size—mostly fields smaller than one hectare—these parcels are more suitable for private plots.

What we learned thus far indicates that this seemingly simple matter, which is to be resolved by the law on agricultural cooperatives of this May, can bring many a problem. Besides the difficulties with finding documents proving ownership of land obtained many years ago, there are also other weak points: for example, staking out the boundaries of the new private parcels of land

according to township maps is a matter for Geodezie workers. They, of course, are not equipped to handle this new development.

In the Valassko Region

Agriculture in the Valassko region is no picnic. Nevertheless, there is a number of cooperatives with profitable primary production, which, however have been basing their economic results on a centuries-old, very individualistic relationship to the land where the local farmers could again work as private farmers. "We have only one private farmer who is farming in our township on his own but none of our other members are interested in becoming private farmers", we were told by the chairman of the very successful Agricultural Cooperative Olsava with headquarters in Sehranice in the Zlin district, Eng. Karel Vana. "We have quite a few young members who even have the basic means for farming at their disposal but they do not want to leave the cooperative, they say that they do not want to take on the great risks of independent farming."

Our next probe was directed at the District National Committee Breclav. There, Eng. Pokorný told us that interest in private farming is in fact minimal. The Committee did receive about 500 applications for the return of land. But an absolute majority of them request an acreage of up to 50 acres, which would indicate farming on something resembling a private plot.

The Cooperative Will Oblige

In the Agricultural Cooperative Ponikla, according to the Deputy Chairman Eng. Z. Hrubec, they have eight people registered who are interested in the return of roughly 55 hectares of fields and meadows. That is about five percent of the total acreage of this cooperative in Eastern Bohemia. Those interested in private farming here are not members of the cooperative but mostly tradesmen employed elsewhere. There were, for example, two cabinetmakers and one garbageman. "We make an effort here to see that they really get back their original property, and in case it is not possible, we shall offer them other, similar acreage. Even though everything is not quite clear yet, we are willing to provide some services to the newly starting private farmers—as long as they turn to the Agricultural Cooperative for assistance. We suspect that at harvest time they will need the help of our harvester drivers. We shall oblige, of course," said Eng. Hrubec.

The neighboring Agricultural Cooperative Horní Branna will lose in their municipality, because of the new sociopolitical conditions, at least 70 percent of their arable land, pastures, and forests. That was confirmed by Vera Vasku, who keeps records on the land, and who now has on her table every day at least one request for the return of land: "Most of them we can handle by ourselves, some of them obviously will have to be processed by the District National Committee. It is truly

a crush of laborious work, sometimes extremely complicated, very time consuming and requiring lots of cooperation with the Geodezie center in Jilemnice." By coincidence, from among those registered for return of land not even one member of the cooperative wants to become an independent farmer. Out of 25 people only four want to devote themselves to private farming, and those are not members of the agricultural cooperative. Others, for example, are trying to get back one or two hectares of land which they have, so to speak, "right behind their house."

Cooperative Asking Subsidies To Cover Meat Sale Losses

90CH0398D Prague ZEMEDELSKE NOVINY
in Czech 21 Aug 90 p 1, 2

[Article: "Who Will Pay for the Losses?"]

[Text] Prague (ZN)—Last week the Czech-Moravian Agricultural Cooperative asked cattle breeders to reject the "reduced" prices of beef beginning 20 August. According to our information, agricultural enterprises do not wish to resort to some kind of boycott "out of spite", but they demand a clear compensation from the government for the losses which the current situation is causing them.

Today a look at various areas of the Czech Republic bears out this attitude.

And What About the Others?

The losses caused by the so-called price reduction of beef are born by the agricultural enterprises, and for the time being the prospects for redress are nil—that is the view of the Chairman of the Agricultural Cooperative Neveklov, Eng. Frantisek Hubicka. Until now the cooperative has been selling cattle to the Masokombinat Písnice for those lower prices. But now it already intends to proceed strictly according to the economic contracts that were concluded. Moreover, it is curious—in the words of the Chairman—that some shops and restaurants in their district have not reacted to the cheaper meat in any way, that is, a customer here pays as if there had been no price reduction!

Steers to Turkey

The situation in the marketing of beef is still difficult in the Hodonin district. These days the Meat Industry buys up approximately 40 percent of the cows and 60 percent of the steers in comparison with the previous slaughter capacity. Last week, 188 live steers travelled from here to Turkey, which was a joint action with the Breclav district.

But farmers were obviously not enthusiastic about this deal, even though they agreed to it. As was confirmed to us by members of the cooperative in Ratiskovice which supplied 24 head of cattle, the 8.7 percent price reduction translated into a loss of almost Kcs2,500 for each

animal. Also critical is the marketing and purchases of cows taken out of production. According to information from the Meat Industry in Hodonin, negotiations are now underway for exporting them regularly through the intermediary of a West German partner.

They Are Kept in Barns

Yesterday, the slaughter lines in Masokombinat in Ceska Skalice were running smoothly. On Monday, this processing facility received as many as 180 steers and cows from the agricultural enterprises in its zone. The farmers in Nachodsko sell—according to agreement—cattle for slaughter with an eight-percent price reduction until the end of August, but even here they wait impatiently until this difficult situation is resolved by negotiations at the federal level. The operations in the slaughterhouses in Lansroun and Vysoke Myto were explained to us by the director of the plant in Vamberk. According to him, they slaughtered about 250 head of cattle this week—bought at the reduced price—and the people in Vamberk will then buy a further 200 to 300 animals from farmers in Rychnovsko and Ustecko for the needs of the other meat-combinats in the Czech Republic. Certainly interesting is an example from the Kraluv Hrad region, where the Agricultural Cooperative Lhota pod Libcany does not intend to sell cattle for slaughter at a loss, that is without respecting the originally agreed upon economic contracts. The sales of cattle from this enterprise are truly minimal, because it still involves only the so-called necessary slaughter. In other words, it means that during August the cattle breeders from that cooperative did not deliver a single head of cattle to the enterprise "Salma", although they could send 120 steers and cows to the slaughterhouse immediately. In the meanwhile they keep them in the barns and believe that the validity of the economic contracts will be renewed.

How Many More Acts?

The slaughterhouse of the Olomouc meat-combinat processes regularly up to 180 head of beef cattle a day. Yesterday it was practically empty. And at the time you are reading this, the situation is no different. It was just yesterday, after all, that the agreement of the farmers in the Olomouc district, concluded last week, went into effect. The cogent words used in it are: Beginning on Monday 20 August all agricultural enterprises will deliver beef to the meat-combinat for firm purchase prices valid since 9 June at the level of the concluded contracts.

What does that mean for the processor? It means to buy the raw material for a high price and sell for a cheaper price. But they cannot, of course, agree to it at this time. "The current situation in the Olomouc and the Prerov districts, where the main source of meat for our plant is, truly is severe, we simply cannot get beef for the reduced prices," says the purchasing agent for slaughter cattle, Eng. Jan Vymola. His colleague, Amalie Suchankova, adds that she is making an effort to get cattle for

slaughter in the neighboring South Moravian region. But even there, it seems, the breeders resorted to this, if you will, boycott.

The result therefore is a silenced slaughterhouse, which has been affected by this beef affair for a good number of days already.

"We have a small inventory of meat and if the demands of the market remains the same we should be able to supply the market on Wednesday and partly on Thursday," explains the deputy director of production of the meat-combinat, Doctor of Veterinary Medicine Jan Michalik. "I believe that the question of further developments in this situation and thus also of the supply of meat is in the hands of government agencies. We fully understand the farmers; their stance is the only instrument they have. It is obvious that they need conditions, let us say in the form of subsidies, which would enable them to supply meat to the processors without loss."

As it appears, then, when it comes to beef, the well-known triangle producer-processor-market is beginning to have very sharp edges. And they hurt especially the consumers who are forced to watch this drama, with a number of acts that is difficult to predict, unfold.

HUNGARY

Hypothetical Electoral Systems' Election Outcomes Examined

90CH0403A Budapest FIGYELO in Hungarian
9 Aug 90 pp 1, 5

[Article by Attila Agh: "The Political Parties' and the Parliament's Immoderate Emergence"—first paragraph is FIGYELO introduction]

[Text] The immoderate emergence of political parties and of the parliament is dominating the scene in the intimate play presented by our political "National Theater." The company is attracting nationwide attention. For the most part, however, the audience does not yet know what the play is about and what the players want.

The first free elections are over in Hungary and the region's other countries. But the composition of the new parliaments is based on a different electoral system in each country, and the nature of the electoral system itself basically determines the parliamentary system and how it works.

We get an entirely different [Hungarian] parliament if we play a different electoral system's probable scenario. That this is not merely a "theoretical exercise" is evident also from the fact that these models actually exist. In other words, there are systems of pure proportional representation like the one in West Germany. And there are also pure majority systems based on single-member election districts (in Great Britain, for instance).

Let us consider the four [other] electoral systems that a team of international experts has already analyzed in conjunction with the election in Hungary. And, merely for the sake of comparison, let us examine the breakdown of parliamentary seats by parties, assuming different electoral systems. Column (1) in the following table shows the present breakdown of parliamentary seats; columns (2) and (3) respectively assume proportional representation without and with a four-percent threshold; and columns (4) and (5) respectively assume majority systems with one and two rounds of balloting in single-member election districts, based on the 176 such districts.

Political Parties	(1)	(2)	(3)	(4)	(5)
MDF [Hungarian Democratic Forum]	164	96	115	186	250
SZDSZ [Alliance of Free Democrats]	92	83	99	134	77
FKgP [Independent Smallholders Party]	44	46	54	24	24
MSZP [Hungarian Socialist Party]	33	42	50	9	2
FIDESZ [Federation of Young Democrats]	21	35	41	9	2
KDNP [Christian Democratic People's Party]	21	22	27	9	7
Independents	6	0	0	11	13
MSZMP [Hungarian Socialist Workers Party]	0	14	0	0	0
ASZ [Agrarian Alliance]	1	12	0	2	2
MSZDP [Hungarian Social Democratic Party]	0	14	0	0	0
HVK [Patriotic Election Coalition]	0	7	0	2	0

Under a system of pure proportional representation (column 2), the small parties would have won 15 additional seats out of the total number of seats (386), which would have meant the complete fragmentation of the

parliamentary parties into more than a dozen. Obviously, public opinion would not have accepted as legitimate a pure majority system with single-member election districts: with slightly less than a quarter of the

popular vote, the MDF could have won an absolute majority in the parliament.

Outcome of a Deal

The present electoral system, which has fulfilled its role more or less well, was the outcome of an earlier political deal that produced the exact opposite of the participants' expectations. For the state party then in power was attaching its hopes to a majority system with single-member election districts; and the opposition of the day, to proportional representation. This goes to show that the electoral system's possible modification might not necessarily change the balance of power within the parliament in the direction that the political forces supporting the modification would have liked.

Anyhow, the present parliament is the product of a particular electoral system under which the larger parties have disproportionately more parliamentary seats than the smaller ones, although the majority system's proportional correction has ensured seats for every significant political force, without fragmentation. This compromise is the greatest "election result," and it is now up to the political parties to demonstrate how well they are able to live up to their supporters' expectations in their legislative activity as parliamentary parties, or as governing and opposition parties, respectively.

The party systems that the election results produce or reproduce, in a particular balance of power, determine how the parliamentary systems function. The election in Hungary has produced a system of "several" rather than of "many" parties, but not a two-party system under which two parties alternate in forming a government: The two largest parties jointly have just enough seats for a two-thirds majority, which leaves the other parties with the remaining one-third, a significant proportion, of the seats.

Adolescent Problems

Naturally, there are enormous differences among the six largest parties in terms of their maturity, but that does not affect the overall picture: In their parliamentary activity they all show the same childhood diseases or "adolescent" instability, although in varying degrees.

Paradoxically, yet as the transition's natural contradiction, the new parties are the ones who should be shaping the new parliament. But they are mostly preoccupied with their own development, seeking their own identities and learning by trial and error the routine of parliamentary work. However, the parties' internal fragmentation and lack of organization are reflected also in the parliamentary factions' work, in which the patterns of their questions and of their voting are in sharp contrast.

A study of the parliament's behavior and activity to date shows that the party factions are rather effective voting machines—the swing vote is not greater than about 10 percent—but their teamwork and internal cooperation are far less effective. It is typical mainly of the governing

parties that they are not able to agree in advance on a common stance—either within the individual parties or within the coalition as a whole—and therefore they bring their internal disputes to the parliament's floor. By regularly putting questions to their own ministers, for instance, as if no one has yet revealed to them the secret that they are in government.

Dual Coalition

The possibility of a grand coalition was mooted during the election last spring, but in the end the intensifying competition between the leading parties, the MDF and the SZDSZ, made it impossible to reconcile the already existing sharp differences between their party programs. The MDF turned to its natural allies, and the MDF-FKGP-KDNP tripartite coalition has become a decisive factor in determining how the parliament functions.

On the other hand—to ensure that the country would be governable, and to reduce (to 20) the number of laws that would require a two-thirds majority for passage—the grand coalition with the SZDSZ came about after all, specifically in the form of the 29 April pact, which since then has become the most controversial element of Hungarian politics. But it is indisputable that the country does need a stable government during the political transition in a state of deep socioeconomic crisis. Confirmation of this is the fact that a majority of the population—in public opinion polls, 64 percent of the respondents who have heard of it—supports the two-party pact.

In sum, then, this "dual coalition" that the MDF concluded with the FKGP and the KDNP on the one hand (with a combined total of 229 seats, the three parties have a comfortable simple majority), and with the SZDSZ under the new constitutional arrangement (president, speaker, laws requiring a two-thirds majority for passage) on the other hand, basically determines the present relationship between the parliamentary system and the party system.

During the new parliament's first two months, however, both coalitions have been eroded considerably and their ties have loosened. In the legislative bills (land reform, religious instruction, regulation of the media, etc.) the populist wing of the MDF and the junior partners in the coalition took an antiliberal course that mobilized the opposition and reactivated the SZDSZ, so that by mid-summer there was serious doubt that the political parties would act in the parliament as they had agreed.

Types of Parliamentary System

Parliamentary systems are classified usually according to how they relate to the government, to executive power. On this basis we distinguish two types of parliamentary system: the "minimal" type (the parliament's role in most countries of the world is merely symbolic, the sanctioning of government actions); and the "marginal"

type (where the parliament already has some real, but very subordinate, role in enacting legislation and overseeing the government).

Two types of parliamentary system are typical of advanced democracies. Under the "reactive" type, the parliament merely reacts to the government's initiatives but does not have the support of its own extensive staff in preparing legislation and overseeing the government; and the government, with its significant majority, dominates the parliament until the next general election. Great Britain's parliamentary system, for instance, is of this type.

But there are also modern parliamentary systems of the "proactive" type, in the United States and the countries of northern Europe, for instance. The parliaments there have wide scope to introduce legislation, very large staffs, and extensive systems of committees. (In the United States there are over 400 congressional subcommittees, each with its own staff and budget.) Thus also oversight of the executive branch is very close and comprehensive, extending to the "governing parliament" in the countries of northern Europe, where the system of parliamentary committees links the parliament also with the corporative chambers, practically broadening the parliament into a bicameral legislative body.

In Hungary we are close to a constitutional crisis at present because the relationship between the parliament and the executive branch, and among all the branches and centers of power, has not been clarified. Ever since the transition to a democratic rule-of-law state began, the nature of supreme power and the relationship among the parliament, the president of the republic, and the executive branch have been causing controversy. The disputes about constitutional principles are filled from time to time with the political parties' varying aspirations.

The situation at present is that—according to the pact concluded in late April in the interest of making the country governable and to provide the concentration of power that the crisis requires—the balance of power has shifted considerably in favor of the executive branch, the government, at the expense of the weaker president of the republic elected by the parliament, and of the parliament itself.

'Semipresident'

In conjunction with the prime minister's position, another concentration of power took place within the executive branch, the government. The constitutional formula for this was the so-called positive motion of no confidence, borrowed from the practice of the West German Bundestag. It means that the government can be brought down on the parliament's vote of no confidence only if a new government is formed immediately.

This constitutional formula strengthens immensely the prime minister's position. In practice it stabilizes the prime minister's role for an entire parliamentary cycle,

in the same way as the president's role is stabilized for the duration of his term of office. Furthermore, on the model of the president of the republic, it places the government's more important functions under the prime minister's "inner cabinet." The international political press often refers to this system as the "semipresidential" form of government. And this is the system that also the Hungarian parliament adopted on the basis of the [MDF-SZDSZ] pact. In other words, it established the structure of a constitutionally "reactive" parliament, and of a virtual one-man government with very concentrated powers.

In our country the difficulties of the transition might warrant—albeit only temporarily—the "semipresidential" form of government, but its effectiveness so far has been very low, even though it has been established specifically to improve the effectiveness of the executive branch. Due mainly to the governing parties' internal weaknesses, and to the acute and permanent absence of a compromise with the professional intellectuals, the government so far has been unable to seize the initiative in legislation, professional expertise or organization, from a parliament forced into a reactive role.

The parliament—including the governing parties' irregulars, which only adds to the confusion—has filled the political vacuum created in this manner, and now in practical politics a constitutionally strongly reactive parliament is playing the role of an active one. And that is the source of the chaotic commotions in legislation, the rules of order or the schedule of the parliament's work that the public is viewing with growing indignation.

This recent paradoxical relationship between the parliamentary system and the form of government is further intensified by a contradiction stemming from attempts within the government to recentralize. The government is trying to draw into the scope of its direct authority as many central institutions as possible (privatization or the supervision of the central media, for instance), thereby removing them from the parliament's oversight. Moreover, the government is placing these institutions under the Prime Minister's Cabinet Office, or is creating for their supervision new central organs that are highly reminiscent of the previous government's similar organs.

Thus there is the paradox that the less the government is able to meet the requirements stemming from its strengthened executive power, the more apt it is to respond with newer attempts at recentralization. Which not only reduces further the effectiveness of the government's work, but also generates more resistance from the parliament.

Opening Necessary

The immoderate emergence of political parties and of the parliament is an childhood disease accompanying the political transition's early phase. Political development will be able to outgrow this disorder if the political parties use their experience to date as the starting point

of their consistent internal organization, and of their opening from the parliamentary floor to the even broader stage of society.

The real failure of the parliament and of the political parties would be if they—by divorcing themselves from society's changing interests, by failing to embrace the demands and values of the larger strata and interest groups, and by continuing to build political castles in the air—were to evoke wide public dissatisfaction, specifically an outbreak of opposition to the parliament. The decisive question here is not that, among Hungary's five million voters, the 777,000 who voted for small parties have no representation in the parliament. Nor that about 2.7 million voters abstained and thereby failed to ratify with their votes the establishment of our new parliament.

The big question of the moment is more apt to be whether the parliamentary parties are able to set aside their short-term interests and petty skirmishes, so as to finally develop a workable crisis management in the parliament and compel also the government to do the same. On the basis of the first half-successes and failures to date, it would be premature to attempt to answer this question now. But the time to be measured will come after the first 100 days.

POLAND

Banks in Operation Listed, Described

90EP0881A Warsaw GAZETA SAMORZADOWA
in Polish No 10, 10 Jun 90 p 11

[Article by Jerzy Krajewski: "A Long Road: New Banks"]

[Text] NBP [Polish National Bank] representatives relish saying that we have more than 30 banks in Poland. For the NBP chairman has consented to establishing that many banks. In reality, many fewer banks are operating. In mid-April actually only the following 19 banks (listed in order of their current capitalization) were active in Poland:

- Bank Handlowy SA [Bank of Commerce, Ltd.] in Warsaw
- Bank Pekao SA [PKO SA, Polish Security Bank in Warsaw]
- Powszechna Kasa Oszczednosci Bank Panstwowy [PKO, General Savings State Bank] in Warsaw
- Bank Gospodarki Zywnosciowej [Food Economy Bank] in Warsaw
- Bank Slaski [Silesian Bank] in Katowice
- Panstwowy Bank Kredytowy [State Credit Bank] in Warsaw
- Bank Przemyslowo-Handlowy [Industry and Commerce Bank] in Krakow
- Bank Gdanski [Gdansk Bank] in Gdansk
- Wielkopolski Bank Kredytowy [Great Poland Credit Bank] in Poznan

- Bank Depozytowo-Kredytowy [Savings and Credit Bank] in Lublin
- Bank Zachodni [Western Bank] in Wroclaw
- Powszechny Bank Gospodarczy [General Economic Bank] in Lodz
- Pomorski Bank Kredytowy [Pomeranian Credit Bank] in Szczecin
- Bank Rozwoju Eksportu SA [Export Development Bank, Ltd.] in Warsaw
- Lodzki Bank Rozwoju SA [Lodz Development Bank, Ltd.] in Lodz
- Bank Inicjatyw Gospodarczych SA [Bank for Economic Initiatives, Ltd.] in Warsaw
- Bydgoski Bank Komunalny SA [Bydgoszcz Communal Bank, Ltd.] in Bydgoszcz
- Bank Handlowo-Kredytowy SA [Trade and Credit Bank] in Katowice
- Bank Rozwoju Rolnictwa "Rolbank" SA [Agricultural Development Bank, Ltd.] SA in Poznan.

In addition there is the Bank Gospodarstwa Krajowego [Bank of National Economy] in Warsaw, but so far it only handles sales of state securities.

Nearly all these banks are owned either by the state or by entities of the socialized sector.

Only at the Bank for Economic Initiatives SA, owing to a second stock issue, is the share owned by private capital is slightly larger. Likewise, following a second stock issue, the share owned by private capital at the Bydgoski Bank Komunalny SA in Bydgoszcz is substantial.

A month hence the first fully private banks in Poland will start operating. They are: SAVIM, the Bank Depozytowo-Kredytowy SA [Savings and Credit Bank, Ltd.] in Warsaw, and PROSPER-BANK SA in Krakow.

In mid-March the Bank Handlowo-Kredytowy SA [Trade and Credit Bank, Ltd.] became the 18th full-service bank to start operating. It opened its main office in Katowice at 11 Warszawska Street, and it is organizing branches in Wroclaw, Szczecin, Zielona Gora, and Opole. In the future it is to establish additional branches in Warsaw, Radom, Bydgoszcz, and Sosnowiec.

The Bank Rozwoju Rolnictwa "Rolbank" SA [Agricultural Development Bank, Ltd.] has begun operating in Poznan at 80 Kosciuszko Street early last April. For the time being it is operating in all-purpose office premises, but on 17 April it will start operating in specialized banking premises. In May "Rolbank" intends to open branches in Leszno and Jelenia Gora, and this coming summer in Suwalki and Bydgoszcz.

In the very near future, in addition to the two aforementioned private banks, the first bank with foreign capital, the [Bank Amerykanski w Polsce SA] American Bank in Poland, Ltd., will open in Warsaw, and the Bank

Rozwoju Rzemiosla i Przemyslu "Market" SA [Bank for the Development of Crafts, Trade, and Market Industry, Ltd.] will open in Poznan.

The founders of new banks are encountering problems. The road from the granting of a banking permit by the NBP chairman to the opening of a new bank is lengthened by the shortages of appropriate premises, trained personnel, and resources. Sometimes another obstacle is the changes in the organization of socioeconomic life in this country. For example, the Bank Rozwoju Energetyki Ochrony Srodowiska SA [Bank for Power Industry Development and Environmental Protection, Ltd.] in Warsaw began to encounter problems owing to the dissolution of its main shareholder, the MEGAT-MEGADDEX Corporation.

The Bank Komercyjny "Polexim" SA ["Polexim" Commercial Bank, Ltd.] in Poznan was renamed Bank Komercyjny "Privatbank" SA ["Privatbank" Commercial Bank, Ltd.] in Poznan.

The Warsaw Bank Zachodni SA [Western Bank Ltd.] and "Agrobank" of Warsaw are preparing to open their first branches.

The Bank Budownictwa SA [Construction Bank, Ltd.] in Szczecin has opened its own office and is now applying for court registration.

The Bank Ziemi SA [Land Bank, Ltd.] in Warsaw is preparing to establish a stock company by having the proper papers notarized, which first requires partial payment of the share contributions pledged.

As to news about the other banks whose founders obtained permits from the NBP chairman, that shall be published soon.

Rural Store Closures Reflect Reduced Rural Buying Power

90EP0861A Warsaw *POLITYKA* in Polish No 34, 25 Aug 90 p 4

[Article by Henryk Maziejuk: "Bread and Salt: More Than 1,500 Rural Stores Already Closed"]

[Text] The little, but largely empty, store in Witulin sells basic foodstuffs. People buy there chiefly bread and beer, followed by cured meat products. For a long time no beer has been available at all, and besides the store was shut down for several months. When I happened to be in Witulin toward the end of July the store received a shipment of 800 bottles of beer from Warka, for the first time. The storekeeper ordered 90 loaves of bread and was not sure whether she could sell them.

Elsewhere the situation is similar. Rural stores barely survive, if at all, being keenly affected by the explicit decline in demand due to the destitution of families. The sales of baked goods at the Lesna Podlaska Gmina Cooperative, which owns the store in Witulin, dropped nearly in half. The reason? The high price. It pays people

to bake their own bread instead. The private flour mill in Droblin has never before been so swamped with grain-milling orders as now. The demand for kashas, rice, macaroni, and flour at stores also has declined, as they cost more there than if bought from street vendors. Only a few people still buy jams and compotes. Orders for dairy products have dwindled. The Lesna Podlaska cooperative ships only 200 liters of milk daily to its stores.

Krystyna Biernacka, deputy chairperson of the board of the Lesna Podlaska Gmina Cooperative, declared: "We ship to the stores what people need, but we cannot afford to stockpile goods. Our tactic is simple, therefore: to deliver merchandise and sell it rapidly in order to have the wherewithal to buy more. This still works after a fashion so far as foodstuffs are concerned, but it is no go so far as manufactured consumer goods are concerned." Lucjan Stanczuk, another deputy chairperson of the Lesna cooperative, explained, "The farmer nowadays has no cash."

This is readily seen when we consider the soaring prices of producer goods as compared with the disproportionately slower growth of the prices of farm products. Consider for example the matter of the 10-inch nails ordered by the supply department of the Lesna cooperative, because they were demanded by the peasants. When the factory invoice arrived, it turned out that these nails cost as much as 10,000 zlotys apiece....

Latches on Doors

I visited three Samopomoc Chlopska gmina cooperatives in the Bialsk Podlaska region. Each is having similar problems, chiefly financial ones. The murderously high interest rates of last January, February, and March, not only offset the entire profit for last year's operations but also drove the cooperatives into debt or even to the brink of bankruptcy.

In this part of the Podlesie region, a poverty-stricken one like everywhere else, the financial problems of gmina cooperatives were compounded by the collapse of potato procurements. The region is famous for its potatoes, which were the principal source of incomes for farmers and profits for gmina cooperatives. This time their procurements came to a complete halt. No potatoes were shipped for export or to distilleries and starch plants.

When last winter the problems piled up and the debts grew disturbingly, the board of the cooperative in Lesna Podlaska temporarily closed 11 of its 21 food stores. In order to attract buyers, the cooperative cut its profit margin to 16.5 percent. Store personnel were furloughed without pay. Ten office employees were discharged, so that now only five are left. That is better, but nevertheless the semiannual balance sheet of the cooperative showed a deficit of 35 million zlotys. It would have been higher, but the reductions in force saved about 100 million zlotys.

The cooperative thus saved money, but the countryside was the loser, as it is keenly affected by the shortage of stores, which is gradually increasing.

More than 1,500 rural stores have already been closed throughout this country, and that is not the end. The provinces are thus becoming still more provincial, so to speak. The growth of such forms of sale such as street vending is still meeting with obstacles. Both the cooperatives and the farmers find themselves in an exceptionally difficult situation, with the latter awash in a surplus of farm products but lacking money. What good are such customers to retail trade?

It is said that a cooperative in Losice has it good. Except that of its 23 rural stores only two operate at a profit! Still, the Losice cooperative can afford to adhere to the cooperative ideal of keeping unprofitable stores in operation so long as its overall income is in the black. At that cooperative the deficit caused by the rural stores is offset by profits from other operations—from livestock slaughter, from bakeries, from bottling plants, and also from retail trade in Losice itself, considering that the purchasing power of the inhabitants of Losice is greater than that of the surrounding villages.

Who Shall Wring the Goose's Neck?

Is privatization the hope?

It might seem so, but it is a dubious hope. Neither in Kornica nor in Lesna Podlaska is there any such courageous person who would attempt to install a kiosk or sell things from a street booth—of course with the exception of church fairs, when such booths spring up.

There is also a shortage of individuals willing to buy the unprofitably operating [cooperative-owned] rural stores. In Kornica, for example, no buyer has yet shown up, while Lesna Podlaska found just one bidder for its store in Zaberbecze.

Of course, there were willing buyers for the profitably operating stores in good locations, that is, in large villages, in Lesna Podlaska or Kornica, or in Szpaki Stare, or in Wolka Nosowska. But the gmina cooperative was not interested in selling. Who would want to get rid of the goose that lays golden eggs? There is no longer any doubt that gmina cooperatives are not going to sell stores that operate at a profit.

Lastly, for a change there is some good news. Wieslaw Bartczuk of Zaberbecze dared to buy a bankrupt store. I met him while he was harvesting a crop on the large and well-mechanized farm which he operates together with his father. I asked him if he did not fear the risk? No. He has a house in which a store already used to be at one time. He also owns motor vehicles. In the beginning he would have to invest 10 or 15 million zlotys, to be sure, but he will take out a loan.

Bartczuk explained, "I will begin [by selling] bread, cured meat products, salt, and sugar, so as to make things

easier for local people, who at present must make long trips to obtain these things, especially for the elderly who no longer can ride a bike. Consider for example, Jan Harasimiuk who must hobble on a crutch many kilometers when he needs to go shopping. If I manage things properly, I will also get customers from other villages, because the store will be open all day and it will not be short of goods. All that is missing as yet is to have a telephone hooked up."

Hah! That is easy to say. But to get a telephone installed in the countryside is no trivial problem.

Commentary on Major Labor Legislation, Strike Legalization

90EP0868A Warsaw *PRAWO I ZYCIE* in Polish
No 35, 1 Sep 90 p 4

[Article by Roman Chocyk: "Two Concepts of a Labor Strike: How To Resolve Collective Bargaining Disputes"]

[Text] If the political debate on the schedule and procedure of the parliamentary and presidential elections and on the drafting of the new constitution leaves the deputies and senators any time to attend to something else as well in the very near future, it can be expected that early in the fall the parliament will consider drafts of three laws of major social and economic importance—the laws on trade unions, on employer organizations, and on the resolution of collective bargaining disputes. This triad of laws represents an attempt at a new regulation of the labor system in Poland.

The draft of the first of these laws was signed by 108 OKP [Citizens Parliamentary Club] deputies. In reality, however, it had been authored by the National Commission of NSZZ [Independent Self-Governing Trade Unions] Solidarity. The other two law drafts were prepared upon the legislative initiative of the Senate and they can be said to be of a pioneering nature. For while the activities of trade unions have always been regulated in some way or other, the legal status of employers, and of their partners in collective bargaining disputes, has been quite unclear and precarious.

The principal employer used to be the state, and therefore representatives of discrete ministries or of the government used to take part in the negotiations. It was they who had to travel throughout the country and negotiate wages or the kind and scope of social services. During the successive waves of strikes the ministers of strike continually "kept their suitcases packed," as it were, and most often they had to make allowance for all the demands of the protesters, even the economically unjustified ones. This role had also to be played by members of the cabinet of Tadeusz Mazowiecki.

The changes in the economy, the program for its widespread privatization, and the appearance of new forms of

ownership result in that this method of resolving wage and other employee conflicts is ceasing to be operative or rational.

The Employer as the Partner

Changing this situation requires, however, strengthening the status of the employers and making them equal partners in disputes with employees. The Senate law draft is intended to create an "institutional balance" between the two sides. This objective is to be achieved by, among other things, granting to employers the right to organize themselves, to create federations, and to join international organizations.

Employer organizations would be independent and self-governing, and they would represent all the "employing entities," whether state enterprises, cooperatives, joint-stock companies, or private establishments. Their principal purpose would be to protect the interests of employers vis a vis trade unions, the authorities, and agencies of state and local government administration. However, they may not engage in activities intended to curtail the rights of employees to associate themselves into trade unions, or to control them.

The draft law also is intended to assure employers of a status sufficient to make of their organizations entities within the framework of the International Labor Organization, in which national representations consist of representatives of labor administration, trade unions, and employer unions. The last-named were, as known, of a fictitious nature in the countries of East Europe.

Obviously, in countries with a market economy conflicts of interest will often—in Poland more often than in the past—arise between employers and employees. The experience so far—the abuses of the institution of the strike and the absence of efficient and effective mediating procedures—points to the expediency of regulating the principles and procedures for resolving these conflicts.

Limitations on Strikes

The drafts of laws on trade unions and employer organizations both follow a similar approach to defining the basic rights and duties of both parties in an eventual conflict. Thus, they appear to offer in this respect a stable and balanced approach. However, they differ deeply in their approach to settling the issue of collective bargaining disputes. The Senate proposed a "hard" approach, that seems to be closer to the views of the employers, to this issue.

Under the Senate's concept, a collective bargaining dispute cannot arise with the object of supporting individual demands of an employee. To be legal, it must be officially announced (on specifying the issues in question). The employer should immediately start negotiating to resolve the dispute through an agreement, and at the same time notifying the concerned labor inspector.

The negotiations should end in the signing of an agreement, which would have legal authority equal to a collective bargaining agreement.

But it may happen that the parties do not reach such an agreement, and then an impartial third party, namely, the mediator, should participate in resolving the dispute. The mediator is to be chosen by both parties to the dispute (a list of mediators would also be prepared by the Ministry of Labor and Social Welfare). If this does not help, the organization which initiated the dispute may organize a one-time strike alert (for not longer than two hours). It may also attempt to resolve the dispute by submitting it for arbitration to a public arbitration court.

The last resort may be a strike, but it may not be organized earlier than after 14 days from the date it is proclaimed. Participation in the strike would be voluntary. The workplace would be obligated to pay full wages to any employee who does not participate in the strike and, for this reason, is hindered in performing his work. The draft of the law on resolving collective bargaining disputes provides that strikes may not be organized at state enterprises and institutions of fundamental importance to the functioning of the state and the society, such as the police, the army, the rescue services, the health services, social care services, the courts of law, government offices, and communications.

A strike may be proclaimed by a trade union organization or a strike committee after obtaining the approval of a majority of the employees, if at least 50 percent of the workforce take part in the voting.

The law draft in question is to apply to all collective bargaining disputes except those relating to the struggle for the rights of man and citizen and which in the past had been resolved on the occasion of employee strikes and protests. Now this purpose is to be served by other institutions of the democratic state—the political parties, the parliament, the courts.

Only an Agreement Between the Parties

The draft of the new law [prepared by] the trade unions, on the other hand, envisages a novel approach to resolving collective bargaining disputes and settling strikes as compared with the approach taken in the currently binding law (passed in 1982 and revised in 1985). It also markedly diverges from the draft prepared by the Senate, for it abolishes all institutional forms of the resolution of the disputes. It provides that the disputes can be resolved solely through agreement between the parties, mediation, or voluntary arbitration. If the employer does not start negotiating within the time limit specified by the trade union (but not shorter than three days), and if the negotiations as well as arbitration proceedings produce no result, then a strike may be proclaimed. The right to strike belongs to the trade unions alone, and the strike may be started seven days from the date it is proclaimed, and it is impermissible only "at those facilities or installations whose inactivation is hazardous to human life, health, or safety." As for

the procedure for deciding in favor of a strike, that is to be regulated by trade union statutes.

Even a cursory analysis shows that the trade union approach to the resolution of collective bargaining disputes is more liberal but also socially more costly. For the experiences of the last decade indicate that mediation does not at all necessarily result in a rapid agreement. It can also be assumed that private entrepreneurs will be less prone to making quick concessions, even in the event a strike is proclaimed. Admitting the possibility of resorting to this means of pressuring the employers to such a broad extent and on the basis of such broad criteria as those proposed by the OKP deputies to the Sejm offers no protection against hasty decisions. This draft does not either provide for the institution of the lost strike (a solution proposed by the Senate); it

merely discusses the legality of strikes, thus harboring the assumption that the protest actions undertaken by trade unionists are always justified. Yet a strike may be legal but still it could ultimately be lost, with all the financial consequences thereof.

It is difficult to predict the ultimate appearance of these law drafts after they are debated in the Sejm (it appears that the Senate's proposal for regulating collective bargaining disputes is more mature legislatively). But there is no doubt that these initiatives are greatly needed. The passage of these laws should promote both a civilized resolution of disputes between employers and employees and the indispensable transformation of our economy. Workers must have the right to a justified strike, but this should not cause social chaos or disorganize public and economic life.

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