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BULGARIA

National Assembly Deputy Analyzes SDS Strategy

91BA0043A Sofia DEMOKRATSIYA in Bulgarian 8 Oct 90 p 3

[Article by Nikolay Slatinski, Grand National Assembly deputy: "The SDS [Union of Democratic Forces], the Elections, and the Red Radish"]

[Text] I am convinced that the SDS [Union of Democratic Forces] has an enormous need for one-sided constructive criticism. I will risk analyzing some of the errors recently committed by the Union. I will try to point out the main thing we must do in the new political environment after the election of one-party government, after the BSP [Bulgarian Socialist Party] congress, and before the elections for local government bodies.

The dynamically changing situation in our country presents extremely important issues to the SDS and its parliamentary faction. But why is the rate of political initiative decreasing? This is due on one hand to objective conditions: The material situation of large population strata is worsening, and they believe less and less that it is possible to guarantee a solution of the general crisis by political means. On the other hand, the blind instinct for self-preservation and consolidation within the BSP at any price is strong.

As they say, the game is getting rough. When speaking of survival, the nomenklatura does not pretend to be a modern party. It rejects true radicals and pseudoradicals, like foreign bodies, and allows only the meekest reformers to rise to the highest ranks of leadership—those who unhesitatingly support the fixed idea of democratic socialism.

Now, when the most pressing issue is to save the country not only from economic but also from emigration disaster, when the red [communist] flag is attempting to paralyze our thoughts with the ghost of civil war, the SDS can and should counteract the majority's pessimism.

After the burning of the Parttag (V. Dzivev's expression) [party headquarters], our society is disconcerted and disoriented and has lost faith. After the outstanding advantages the SDS gained with the debates regarding this fire, it was not as insistent and energetic with the voting on some issues (for example, with respect to the discontinuation of live television broadcasts during the government election) or against the blocking of others (depolitization, controversial parts of the BSP manual).

Europe has said farewell to socialism without any regret, the FRG has quickly assimilated its "showcase," and, in our country, some strange restorational processes are taking place. We must accept our responsibility for them. How are we going to explain the illogical position on setting up the government cabinet? Exactly at this time, some leaders who personify the opposition to the people went abroad on business. Such contacts are useful and necessary, but it is unacceptable to leave our supporters with the impression that we do not care in whose hands we place executive power, or, the opposite: that we accept any kind of compromise in order to get to the desks inside the ministries' offices. With time running short, a small group of deputies had to make snap decisions and propose to the faction to vote on the Declaration for Nonparticipation in Government. There was no coordination in our behavior during the discussion and the voting on government composition. It is a good thing Stoyan Ganev was there to wake us up.

What else do I think hampers the SDS's activities? The circle of people who make decisions in the parliamentary faction has gotten smaller. At the same time, some of the leaders occupy several positions, and this makes it impossible for them to be sufficiently competent in every one of them. For example, Dimitur Ludzhev is an adviser to the president of the republic, vice chairman of the SDS Parliamentary Union, and chief of the Council of Experts and of the Contact Group. Petur Beron is chairman of the Coordination Council and the SDS Parliamentary Union. I cannot remember the last time we had a quorum at a meeting of the parliamentary faction, and getting the floor at one of them is becoming increasingly difficult.

We continue to put the entire BSP faction in the same pot, while the range there is very broad: from A. Vagenshtain to V. Petrov and from General Dobrev to D. Yonchev. We did not refute convincingly enough the widespread impressions about dictatorship and coercion, even though it is clear which stratum in our country has at the same time power, money, and weapons, and that it is the only one that can be merciless and against the people. We allowed people linked to the Bulgarian KGB to participate in government; Mr. Lukanov did not not dispute this, saying outside of meetings that, according to him, for a minister to have worked in political intelligence was not a reason for shame, but for honor and dignity!

What have we done to increase the opposition in places where its most prominent representatives are already in parliament?

The coming elections present a great opportunity (maybe the last one?) for both the SDS and the country because, if we squander it, the nomenklatura will obtain a mandate for the atrocities through which its economic might will become a fact, and perhaps a final and irreversible one. This way Bulgaria will be faced with some even more acute and irreparable social contradictions that can easily become antagonistic: How many would be willing to serve the present party bosses calmly and quietly? Let us not even mention that, through their transformation into company bosses, they will be in control of the economic buttons, not because they are the most capable and not because they are the most enterprising, but

because they are starting from the high level of advantages secured for them by their belonging to a select group.

The new political situation defines the SDS's main goal: to win in the coming elections. All of our policies—organizational, parliamentary, party, and "town square"—must be directed toward this goal.

Organizational Policy. Changes must be implemented in the parliamentary faction leadership. At this time it does not adequately reflect the faction's disposition and ideas. There must be an exchange of ideas in the leadership, and it must represent the entire range of different ways of thinking and alternative points of view.

Parliamentary Policy. Our behavior within the VNS [Grand National Assembly] must correspond to the SDS's nature and goals. We must staunchly defend depolitization of fundamental institutions (the army, the militia, the diplomatic corps, and others) and propose and defend bills according to our platform (with respect to land, privatization, police). In addition to this, we must propose and defend logical approval of corrections in the Constitution or laws that have a significant psychological effect and are extremely necessary for the new identification of the country (change of the seal, the flag, the national anthem, national holidays). Being constructive is our strength, and we must use it to support the sensible activities of the government as well as to stop the flood of cosmetic laws under which we are being buried.

Party Policy. The SDS must increase its contacts with a number of parties that have been left outside its consideration, not by assimilating them, but by building with them a truly unified opposition. I am speaking not only of the ASP [Alternative Socialist Party], with whom we did not get along last June, but also of others that are tolerant of us and inclined toward cooperation (for example, some of the organizations with religious or monarchist tendencies).

"Town Square" Policy. I am defining the SDS's relationship with the street using this unfortunate term. The street is not necessarily an alternative to parliament. We must understand its emotions; we must listen to it when its activities are peaceful and lawful. The red radish [allusion to a Bulgarian folk tale in which a magical radish is used to occlude a spring and deprive the people of a nearby village of water; a deterrent to the common good] of communism will be uprooted with everyone's joint efforts. This is why even the smallest assistance, even the most humble effort must not be underestimated.

In spite of the difficult times in which we live, it seems to me that we have a chance to survive and for our country to return to the European home from which it was forcibly taken by the experimenters with the hammer and sickle. And I simply cannot believe that the SDS will miss this opportunity.

View of Chairman of Citizens Economic Initiative Union

91BA0112A Sofia 168 CHASA in Bulgarian 30 Oct 90 pp 1, 4

[Article by Valentin Mollov: "Business Is Calling Its Note From Politics"]

[Text] This article describes the basic features of the platform of a new right-wing political formation that is being organized.

It rallies Bulgarians to whom it is clear that private property and capital are the only guarantees of economic and political freedom for all citizens and for the stability of society and the prosperity of the nation.

The Bulgarian Business Bloc is entering the country's political life. It shall be officially founded by the end of November.

We waited long enough. Our patience came to an end. Bulgaria is the same for everyone, but that does not mean that everyone has the right to experiment with it.

We, the people of private business, gave a great deal of time to those who undertook to solve the problems of our long-suffering country through politics, including our own problems. Enough of this!

Bulgaria is marching to its doom, crushed by sterile political animosities. Concepts that are basic to the entire civilized world, such as "free initiative," "private property," and "capital," are increasingly becoming targets of verbal juggling. The politicians imagined that, as in the past, they could make business part of their own pedestal.

However, throughout the world it is not politics that orders business; rather, it is business that defines politics, and, because we do not see the Bulgarian politicians aspiring to observe this rule, it falls on business to do its own work.

That is why we are establishing our political organization—the Bulgarian Business Bloc—which will defend our interests in parliament and will impose pragmatism, economic common sense, and political morality.

We would like to raise democracy to the level that is characteristic of the highly developed capitalist countries. The consolidation of civilian society in our country and pluralism in political life must be guaranteed by the basic human right to free initiative and private property and the main motivation in economic life—profit.

The "main" political forces led our society to superpoliticization. The struggle between the blues and the reds will be blocking reforms indefinitely. We cannot allow the outcome of change (and therefore of the country) to depend on the struggle between two political groups, on when and on what subject they will reach an agreement, and on when and on what subject either of them will prevail.

Our Attitude Toward the Bulgarian Socialist Party

The blues reduced the question facing that party to that of the past. This is an essentially erroneous formulation and means an endless dispute without a winner. We opposed the BSP [Bulgarian Socialist Party] for the sake of the present.

There is a place and a future for left-wing parties in the country. Today, however, what the country needs is a right-wing orientation and a right-wing administration. Communists cannot introduce private ownership. Socialists cannot promulgate capitalist laws. They will either be unable to deal with the matter or they will simply engage in demagogy and will not act like a left-wing party.

We do not condemn anyone (other than those responsible for the catastrophe) and do not deny to anyone the right to change, to be given a chance in the new life that is beginning. For that reason, we oppose the digging of old bones out of the ground and any type of retribution or revenge. The example we choose is that of Spain, which buried its past and, within 10 years, became a prosperous state.

However, we insist that the Socialist Party realize its historical responsibility to Bulgaria, give up power, and transfer it to the right-wing parties. Naturally, we too support the principle of a peaceful transition.

Our Attitude Toward the Union of Democratic Forces

We had linked our hopes to the Union of Democratic Forces [SDS]. It is gradually becoming clear, however, that for a number of reasons it is failing to cope with its essential mission.

First, along with some outstanding people, unsuitable people incapable of pursuing any serious policy found themselves in the leadership of the union (particularly in the provinces).

Second, the SDS is laying a quite disparate social base. In addition to future owners and people who are the only ones who could lead Bulgaria, it includes people who could destabilize any society, who are displeased with any kind of power, for they are incapable of accomplishing anything. We cannot link our future to such people.

Third, in its struggle against the BSP, the union went too far, adopting an almost socialist program, platform, and slogans.

It is impossible simultaneously to lower the budget and taxes and to provide huge amounts of money for social aid and the environment. The struggle for votes essentially destroyed the right-wing nature of the SDS as a coalition, orienting it toward populism and promises, the fulfillment of which would block the reform, and the eventual failure to meet them would undermine the trust of the people.

We do not struggle in the least for total power. We would like for the present and future owners to be represented in parliament. We would like it to be known that Bulgaria will have an opportunity for a good future only when and if conditions are created for the free development of ownership and capital in the country.

The Economy

Essentially, it is necessary right here and now to eliminate all obstacles to private initiative and all restrictions concerning ownership and foreign investments.

It is an absurdity to wait for the appearance of a considered and consistent legal base to this effect.

It is an absurdity to invent some kind of new previously unheard of and extremely just system of privatization. It is not serious to try to invent one more Bulgarian theoretical model.

The main and most important task in a conversion to a normal society is the appearance and assertion of the owner, of the person who is interested in producing and trading freely. While others are talking, we are working!

Social Policy

The country is facing an exceptionally difficult time. Everyone must state his views. The Bulgarian people must be frankly told that a conversion to a market economy will involve a great deal of work, sweat, and, frequently, tears. However, anyone should be willing to pay this price for the sake of his own future and his true civil freedom.

We are against indexing. Indexing will lead exclusively to the appearance of money that will be even more worthless than it is at present. To please the mass voter, the political forces are promising indexing without pointing out that this will be newly printed pieces of paper that can only increase inflation in Bulgaria.

Today everyone is claiming to be defending the socially weak. Everyone is goody-goody and is "concerned" about children, the retired, and the environment. In practice, this leads not to healing but to agony.

We suggest that the state and the property owners set up a "survival" fund that would guarantee that no one in the country die of hunger or be hungry, but no more than that!

We are saying this not because we are cruel but because we are realistic and do not wish to mislead anyone.

Free Food for the Poor, Yes. Illusions of Equality, No!

After the economy has been rebuilt and begins to produce, and after Bulgaria has truly become a partner in Europe and throughout the world, it would then be possible to seriously and without demagogy create a developed system for social protection.

Nothing comes free. This is a great principle, and we do not see any reason not to apply it to medical services and higher education. Naturally, the poor should enjoy free medical aid, and they shall. Naturally, the most capable boys and girls would be worth keeping in schools and universities in our country and abroad, with funds provided by the state or by foundations. But no more than this. All others must pay. We must uproot the murderous "popular wisdom" that has been cultivated for the past 45 years: "Study in order not to work."

For the Moral Status of the Nation, the State, and the Family

Bulgaria has a future because, within the Bulgarian people, the owners are alive. An owner is an honorable man, a man of order and family, a man who respects religion, which illuminates a morality shared by all mankind.

Such values may seem old-fashioned to some, but they are our salvation.

Our women should be able to go back home and be with their children. However, for this to happen, we, the men, should have the possibility of earning adequately. Such is the society to which we aspire.

For Order and Legality

The citizens must be free but must also strictly obey the law and respect the interests of others. No scarcity is more terrible than the scarcity of law and order because it is precisely this scarcity that leads to all others.

Wherever order becomes chaos and chaos becomes the law, there can be no progress.

We shall institute order in this country in the only possible democratic and nonviolent way: through the disciplining force of capital and the laws of ownership and profit.

Stealing working time is a theft that harms the entire society. We, the owners, cannot allow ourselves such a luxury. Rights without responsibilities always lead to strictly one thing: scandal. We, owners, shall not tolerate them.

On the National Problem

Nothing can be more murderous today than low national self-awareness. We are not a great nation, but a person would be blind if he failed to see the many grounds we have for aspiring to a good future. Are we not a persistent and industrious people? Are we not intelligent and initiative-minded? Are we not born traders?

Many are those who are leaving. We respect individual decisions. However, we shall remain here. Anyone who has literally implanted among us the feeling of hopelessness and the desire to save himself by fleeing is rendering a poor service to both us and the world.

The Bulgarian people are sufficiently enterprising and capable of struggling for years until they become full-fledged Europeans. It is particularly unpleasant and dangerous to constantly underestimate our abilities before the rest of the world.

It is also dangerous to expect someone to buy us, to tie us to himself. We are in a good position, and, in principle, we could hold the balance among four forces that are basic in our case: the United States, Europe, Turkey, and Russia.

Make Money and Not Politics

Such is our slogan. The view that democracy in itself means freedom is a huge illusion. Democracy offers the opportunity for freedom. True freedom can grow only and exclusively on the basis of economic freedom and a prosperous life. That is why our great hope as a nation is in the hands of economically free and initiative-minded people, the young businessmen who are showing up and will show up in our country.

The young swept totalitarianism away. It is the young who will build freedom because the young are the ones who suffered most from the system of socialist spiritual and material poverty that doomed them to total economic dependence on the older generations, almost all the way to the age of retirement.

Money is not everything in this world, but, for the time being, it is the most important and tried means of personal independence, autonomy, and prosperity in a democratic society, which, unquestionably, we shall become. Political equality is sacred, whereas economic equality leads to universal misery. That is why we shall be a union of those who are prosperous and strong, those who are capable of building their own lives by themselves. The only absolute restriction we impose upon ourselves is the one imposed by decency. Our personal success is a success for Bulgaria, as well, because it is a means for the country to advance. We know that not all young people will follow us, but we are convinced that we shall be followed by the most pragmatic and sensible among them.

Politics will not save Bulgaria. Bulgaria can be rescued only by ownership and owners. While blues and reds were dickering as to who was to be president and who prime minister, Bulgaria could have acquired a clear and unequivocal orientation. All of us could already have been working for ourselves, and profiteering could have been eliminated and replaced by honorable commerce. The capable people and not the swindlers could already have started getting rich. It would have been possible to already see light at the end of the tunnel.

We are creating a right-wing political organization. Usually, right-wing parties are small and have only a "consultative voice." However, it is precisely in Bulgaria and precisely now that the historical time for right-wing forces has come. No one else can take the country out of the swamp of the crisis.

Let others keep fighting for votes. We are betting on quality, on the initiative-minded, strong, and daring Bulgarian people, whose minds and talents will shape our future.

For the able, no obstacles exist!

CZECHOSLOVAKIA

Schwarzenberg Reported Confident in Face of Complex Tasks

91CH0078A Frankfurt/Main FRANKFURTER ALLGEMEINE in German 26 Oct 90 p 6

[Article by Berthold Kohler: "The Prince Complains About Nightmares and Is Learning About Trust"]

[Text] It was a nightmare, says the chancellor and chews on his pipe. An aging telephone system, moribund power lines, and useful employees spread thin: "The last person to have passed normal graduation examinations [from a university preparatory secondary school program] retired three years ago." In spite of all adversities and predictions of trouble, things are going much better now in the office at the castle than last July when Karl Johannes Prince von Schwazenberg was elevated from "Innkeeper and Forester" to chancellor to Czechoslovak President Havel. The Prince is supposed to take a presidential office that had spent four decades taking care of the castle gardens and rows of rooms at Hradcin castle and create an effective chancellery that meets the political needs of the First Man of Czechoslovakia. Difficult problems require unconventional people, and thus the "Poet President" Havel added another to his many original decisions: That he set the offspring of one of the most important and richest of the nobility of the Danube monarchy at the head of his chancellery was no less surprising considering the age old antipathy of Czechs toward the Habsburgs. The appropriation of Schwarzenber's Bohemian holdings in 1947, in spite of his allegiance to Czechoslovakia and against the Nazis, was only partly due to socialist desires to make everyone equal, and more to the deep seated aversion of the Czechs toward anything to do with the Habsburgs. This ruling house had beaten down the uprising of the Hussite nobles in Bohemia at the time of the counterreformation. Their property fell to those Schwarzenbergs from Franconia whose posterity is now again resident in Prague. "The Habsburgs are back," was heard not quite correctly, and not without enmity in the inns of Prague's Little Quarter, when the Prince—who does not renounce his property claims in Bohemia "on account of the children"—moved into the castle above them.

In the meantime, initial fears have been allayed somewhat and a "patriot and world citizen" is sitting in the Hradcin who seems to the president to be suitable as no other to assist in rebuilding the country laid waste by communism and in redefining its position in the society of nations. Schwarzenberg combines a historical consciousness and modernity, a mixture that is ideal for a country facing collapse. The portable telephone in the chancellor's otherwise Baroque office with a dream-like view of Prague, has a symbolic nature. The twelfth Prince von Schwarzenberg was born on 10 December 1937 in the Prague Palace and brings an intimate knowledge of Central and Eastern Europe together with another quality that helps his standing between Prague and Pressburg [Bratislava] in these times: In the years of the communist suppression, the chairman of the Austrian Department of the Helsinki Federation acted personally for human rights and human rights activists in the Soviet sphere and was awarded the "European Human Rights Prize" in 1989 together with Lech Walesa. The Prince, who learned Czech from his governess, at that time, became a close confidant of Havel. The chancellor's influence on the president should not be underestimated, even though Schwarzenberg views himself as an "official without political ambitions." Being unpolitical is not easy in Czechoslovakia today, and thus the Prince cannot help being mentioned for one post or another. The frequently heard criticism of the "Chief" that he spends too little time on daily policy, is rejected by the chancellor who points to the absence of a democratic tradition in the country. The population must first learn that the president cannot take personal interest in "every detail" and is not even competent to do so. The Prince views the conflict between Czechs and Slovaks as "explosive" for the federation only if economic and national crises accumulate. The Slovaks want the security of the union, but want to make all the decisions, smiles Schwarzenberg to himself. "Naturally" they cannot have both.

The Chancellor, who numbers forests, sawmills, inns, and hotels among his possessions in Austria and Lower Franconia, expects difficulties in the economic reformation of his native country, where "everything was owned by the state, down to the last tailor." In Hungary and Poland there had been reform experiments and "loosening exercises" some years ago, whereas in Czechoslovakia no one had a chance until recently to get rid of the "stalinist command economy" and show some entrepeneurial spirit. Knowledge of the market economy is underdeveloped and groups of the old guard are still seated everywhere. The question, "How do I sell an inn?" is causing massive difficulties now, "to say nothing" about the "real problems." Communism, which the Prince likes to portray as a melting glacier or an ebbing flood, has left behind "cracks, pits, and corpses" that are only now becoming slowly visible.

The new Chancellor is approaching his work with confidence, in spite of all the difficulties, trusting in the "old virtues" of Czechs and Slovaks. They are still of divided opinion about the Prince at the poet's side. "That is a good man," said the taxi driver on the way up to the castle and laughed. "If things go bad here, he'll just go back to Vienna and let us sit in the mess," said another disrespectfully, on the way back down to the city. Even if the nobility is back, vassals have become rare in Bohemia.

Schwarzenberg on Function of Presidential Office

91CH0061A Prague KVETY in Czech 28 Sep 90 pp 4-7

[Interview with Stanislav Cervinka by Eduard Karkan; place and date not given: "The World Is Tough, Gentlemen!"]

[Text] [Karkan] Your job as the chief of staff [kancler] is to make sure that "things work smoothly." But to assure that they do must necessarily include different relations between Prague and Bratislava. What are you going to do in this matter and where, from when, and in what extent will the Presidential Office begin functioning in the Slovak capital?

[Cervinka] First of all we have decided that the Presidential Office will be present also in Bratislava, in the Slovak National Council building and possibly there will be a few rooms also in the historical part of the Bratislava Castle. Even though we already have office space, our plans are running up against a time obstacle. It would be my wish to have as many Slovak employees as possible in the Presidential Office, here in Prague as well. But you know Prague's problems better than I, so you can imagine for instance the housing problem. But it is my hope that within the next two years everything will be working as it should.

Establishing a Presidential Office in Bratislava will at the same time emphasize the status of the Slovak Republic's capital also as the seat of the President. For now the President will receive high state visitors in the presentation rooms of the Bratislava Castle. The Presidential Office here will have a working function; we don't want this to be only some sort of an alibi but rather a very productive unit. Most matters affecting Slovakia will be handled in Bratislava.

[Karkan] What you are saying concerns in a way the formal side of the issue. But the situation has taken a sharper turn, I have in mind the prime ministers' meeting in Trencianske Teplice. What methods are you going to choose...

[Cervinka] Oh no, I know what's on your mind—but the Presidential Office is not in the business of making policy or interfering in it. This is on the one hand the business of the government, or rather the governments, and naturally of the president. Myself and all who work in this office have the job of preparing for the president documentation, research studies, in one word, making his work easier. Political decisions are reserved solely to the president, the governments and our four parliaments. This seems like enough people for politics.

[Karkan] Nevertheless, some people feel that the Presidential Office is now "replicating" the governmental structure. Therefore fears may arise that the Castle could turn the parliamentary system into a presidential one, with the result that the state would be run by a handful of people instead of [elected] deputies. Where is a guarantee that something like this will not happen?

[Cervinka] First, our apparatus is too small for something like that. Among the reasons why I became the head of the Presidential Office is that I have no political ambitions, and I don't know anyone in this office who would want to convert it into an independent political body.

Look, someone who has lived so long outside his country cannot even contemplate a really serious political career. So whoever understands politics must draw from this alone the conclusion that we here do not want to create some kind of a second center.

But this office must offer substantive comment on the problems put before the President by governmental authorities, and therefore we must have expert sections here, there must be a department for foreign affairs-...someone here must understand economic reforms and we have here a military bureau as well because the head of the state is also the supreme commander... In brief, we must be able to offer an opinion, in a properly nonpartisan fashion, on many questions.

[Karkan] And are you now, or were you previously, member of a political party?

[Cervinka] Yes, although I never became an Austrian citizen, I joined the Osterreichischer Bauernbund [Austrian Farmer's Union]. I had personal friends in that party and as one spends so many years living among these people and forms friendships with them, it automatically moves him into politics even though I never engaged in strictly partisan politics.

[Karkan] But the public, viewing your political role, oftentimes is of a different opinion. So for instance it is said that you persuaded President Havel that in spite of protests by the Charter and the Czech Government chiarman it was necessary to travel to Salzburg and open the festival.

[Cervinka] Take your pick—here they say that I influenced the president to go to Salzburg but in Hamburg DIE WELT and in Vienna KRONEN ZEITUNG wrote that my recommendation to him was not to go at all. It was this office's job to summarize for the president facts which spoke in favor of his visit to Salzburg as well as arguments against his trip, and to inform him accurately about press opinions. And in conclusion of a report I can only say: Mr President, please make a decision. The decision is reserved solely for the president.

And if you want to know my personal view of the president's trip to Austria: We should all be aware that it is a good thing to have friendly relations with every one of our neighbors.

[Karkan] One more question about the Presidential Office. Minister Klaus's economic reform program is reportedly running into opposition from the Castle. Why is your office and the president's advisors afraid that the Klaus plan will be unpopular, even destabilizing?

[Cervinka] On that, I, as head of the Presidential Office, have no opinion. You will have to ask Dr. Wagner who handles economic affairs.

I can tell you only my personal opinion. First of all—no economic reform can be carried out without sacrifices. People who expect justice and only justice from the world are naive. After all, an economic reform after nearly 50 years of misguided development and Communist state government is to a large extent continuation of the problems of a war economy. For nearly half a century no market economy existed here. Such a span of time leaves behind deep traces. We all know that we have thus run into a blind alley and that only a market economy can lead us out of it.

There are frequently debates in our country about Chancellor Erhardt's reform which put western Germany back on its feet and led it to prosperity. But one shouldn't think that it was that easy and that everyone was happy. On the contrary, a great many people paid dearly for the reform and lost their savings. Just look at the newspapers from 1948 and 1949!

The sure thing is that no one will give us anything for free and that we will suffer for what the Communists have wrought. Willy nilly we must accept reality and pay the debts of the past. I have in mind debts which are hard to quantify, above all in industrial obsolescence and environment. Take just northern Bohemia—these are billions of debts, and all we can reckon with is that at most someone will offer a little help. If someone thinks that we will painlessly pass into a state of affairs that exists today in Germany or Switzerland, he is mistaken. The world is not as merciful and just as it may seem. This is how it is in life. If you are found to have stomach ulcers and must undergo surgery, you may say that it is unjust, that of all people it is you whose body is cut up and who suffers pain. But it is not a matter of justice but rather survival. We cannot exist without pain.

[Karkan] In a conversation in Vienna Chancellor Vranitzky told us that according to Austria's postwar experience we may not expect a real economic recovery before some 10 years. Is this the view of an optimist or a pessimist?

[Cervinka] This is hard to judge right now, because if you consider just the problem of Iraqi aggression in Kuwait and the whole area which represents a powder keg in the form of old conflicts, accumulated grievances and mutual territorial claims, you have a hard time figuring out how the world situation will develop, because that situation will necessarily project itself into our economy as well.

Vranitzky is as good economist and the Austrian experience is of interest to us. But there is one substantial difference here, or rather two.

Hitler ruled Germany for 12 years, Austria thank God only six. People who did not perish in the war returned and began to work with the experience they had gained before the war. Let me simplify it: Whether statesmen, industrialists or greengrocers, they had been raised in a normal healthy market economy, and right after the war they could get back to work. But we have lost two generations with a similar experience and this is an irretrievable loss, just like the former isolation of our country from the world.

Secondly, the war, however sad it may be, had in a way a special consequence for Germany and in part also for Austria: systematic bombing virtually destroyed their industries and both countries had to build new ones. True, they had greater difficulties in the beginning but today they have it much easier. We have an industry which is unusually antiquated.

There is only one advantage we have, and it is our geographical location. We are opening up to Europe; from Plzen to Nurnberg where Siemens has its seat, it is only a hop, just as from Budejovice to Munich or Linz. Not to mention the 40 kilometers between Bratislava and Vienna. But we will have to learn working under different conditions.

[Karkan] There are serious consequences of the demagoguery that was being hammered into our heads and doubtless suited many people—that is, all were equally off, the majority was anyway miserable, and wishing that "if my goat died, let my neighbor's goat die too."

[Cervinka] That may be so; I can illustrate it by a joke someone had told me 10 years ago. It goes: It's simple in our country, they pretend to pay us and we pretend to work. Yes, that's how it was, because before the war we were one of the richest countries—Communists could live off it for years. It's the same thing as when someone becomes a rich heir. He can live without work for a generation, sometimes two, and then the disastrous end comes.

[Karkan] Minister Klaus says that economic reform is like chess. When do you think the game will end, and who or what will be checkmated in it? You have not yet said whether you agree with Mr Vranitzky's view.

[Cervinka] I don't believe that Mr. Vranitzky is an optimist or pessimist. What he says is realistic. But of course I underline that this is Karel Schwarzenberg's private opinion which has nothing in common with his work in the Presidential Office.

As for Minister Klaus's view, I respect it, but it is not only chess. The issue is something intangible, it is trust. I have to cite again the examples of Germany and Austria where the people trusted Adenauer and Kamitz, people believed them and did what was necessary. Chess is an interesting and complicated game even for those who excel in it.

[Karkan] We talked about opening up to Europe. There are tendencies or at least the desire to turn Prague into the "capital" of central Europe. Of course the same ambition is shared by Vienna, already for many years.

After the problem with nuclear power plants will this not bring about a new dispute or competitive struggle?

[Cervinka] My view is that Central Europe will not have a capital. There will remain several traditional centers which are Vienna, Prague, Budapest, and undoubtedly Berlin will regain its place which it had lost.

[Karkan] How do you view the problem of our and Austrian nuclear power plants after the recent visit to Salzburg where you were greeted also by demonstrators? Have you changed your view of this problem?

[Cervinka] Not at all, it is a very serious question and in all likelihood we will be preoccupied with this situation for a long time to come.

[Karkan] Among your best known activities is work in the Helsinki Human Rights Committee. Does this committee still have any significance for Czechoslovakia?

[Cervinka] But of course, the totalitarian influence will not vanish overnight and then, with its experience Czechoslovakia can help where problems still exist. For instance in Turkey, to some extent in Romania, Bulgaria, and the Soviet Union. But even here we still have plenty of problems of this sort, among them the question of political asylum, of our relation to foreigners; recently we saw expressions of our attitude towards Vietnamese, there is still an unclear position on minorities—I believe that the Helsinki Committee will have enough work to do still for some years to come.

[Karkan] Are you writing or are you going to write your memoirs?

[Cervinka] No!

[Karkan] Why do your Viennese friends call you Kary?

[Cervinka] That's nothing mysterious, actually it is a family tradition because already my grandfather was called that. In our family the oldest member was always Karel.

[Karkan] What would be your message to readers of Czech KVETY?

[Cervinka] That I am certain everything will work out fine, that all will be a success. I have come to such an optimistic view on the basis of numerous encounters with people and a great many discussions. The people are displaying genuine Czech grit, adroitness and humor, and my confidence is growing stronger with each day. It will not be exactly a pleasant road, it will be rough, but surely we will succeed in what all of us feel and want from 17 November on.

HUNGARY

World Expo 1995: Situation Analysis, Proposed Plan

91CH0099A Budapest NEPSZABADSAG in Hungarian 24 Oct 90 pp 13-14

["Excerpts" of the official Hungarian proposal for the Budapest-Vienna 1995 World Exposition—first paragraph is NEPSZABADSAG introduction]

[Text] Presented below are the situation analysis, prognosis, and recommendations prepared by the Hungarian government commissioner of the 1995 Vienna-Budapest World Exposition and by the World Exposition Program Office, primarily for the use of the decisionmakers, but also as information for the public at large. The text—which we are presenting in an edited form—contains alternative plans for financing the world exposition, its regional development and staging concept, the legal and organizational conditions deemed necessary to make the exposition a reality, and the proposed economic policy benefits designed to attract large amounts of foreign operating capital. We are also presenting the contingency scenarios discussed by the commissioner and the program office in the event Hungary decided to decline holding the world exposition, or to scale down its involvement to a lower level than expected.

In 1989, the Hungarian and Austrian Governments submitted a joint declaration of intent to the Bureau of International Expositions (BIE), stating their desire to jointly host a world exposition in Vienna and Budapest in 1995. At BIE's December 1989 general meeting—called as a result of an on-the-scene survey—the declaration of intent submitted by the two governments was approved.

The Antecedents

In Decree No. 35/1989 (9 Dec), Parliament identified the tasks connected with the preparations for the world exhibition. Decree No. 1014/1990 (31 Jan) of the Council of Ministers ordered the acceleration of the pace of preparations, the elaboration of the exposition's concept and the drafting of a minimum staging concept. It called for the preparation of a plan to finance the world exposition with the help of private enterprise, and directed the affected ministries and the commissioner to assess the consequences of a possible decision on the part of Hungary to decline hosting the exposition.

Subsequently, at its 19 April session the Council of Ministers voted to adopt a series of decrees concerning the tasks of the commissioner and the Bureau of International Expositions.

In Decree No. 3254/1990 (12 Jul), the government formed following the spring elections approved the commissioner's report on the status of the preparations and the work to be done in order to make the exposition a reality; furthermore, it proposed that in order to win

broad acceptance for the world exhibition, to make the event a national cause and to expedite the drafting of the necessary legislation, the proposal on the subject be debated and decided upon by Parliament.

According to the position formulated at the government session, staging the exposition would create a good opportunity to invite larger amounts of foreign operating capital, hence it would be expedient to extend the opportunities presented by the world exhibition also to the expansion of the country's tourist-hosting capacity and its infrastructure. In order to lay the necessary foundations, the government directed the commissioner to proceed to prepare a detailed version of the minimum program presented in the proposal, complete with alternatives, and indicated that it would be incorporated in the government's economic policy program. The decision also called for the preparation of a foreign economic strategy concerning the world exposition.

A Series of Decisions

The final government-level, local, parliamentary and BIE decisions will be closely intertwined, hence they can only be made in a certain sequence. According to the commissioner's master plan a parliamentary debate on the proposal cannot take place before the Capital City Assembly—which is yet to be elected—has had a chance to take a stand on the matter, between 20-28 November.

Once these steps have been taken, the Hungarian and Austrian Governments may jointly request from the BIE to officially record the world exposition which—if the deadline set by the executive committee and general assembly of the BIE is to be met—must be done by 5 December 1990. For various reasons that might hinder the exhibition or prevent it from being held, the making of the final decision by the institutions of BIE must not be delayed beyond that date. The majority of the infrastructural investments to be made in Hungary—such as the reconstruction of Hungaria Boulevard or the building of the Duna Bridge—cannot be completed by 1995 unless they commence already this year. No less pressing is the fact that the foreign economic capital necessary to make the world exposition a reality will only start coming in at the required levels after the final decision has been made.

The Effects of Hosting the Exposition

The desire to host the world exposition is in close accordance with the country's aspirations since the political transformation, particularly with its intention to become a more integral part of Europe. Hosting such an event can prove that Hungary is committed to pursuing an open economic policy, and thus is worthy of the world's respect.

One of the fundamental principles of hosting the exposition is a commitment to realize the developments planned with the help of private enterprise. The role of the state—beyond being the source of some minimal budgetary assistance—is to help create a system of resources and an economic atmosphere that promote private enterprise and attract foreign operating capital, and to engage in dynamic economic diplomacy.

The world exposition will open up an important new area, heretofore barely explored for the purpose of attracting foreign operating capital, which can lead to an exponential jump in the amount of capital we have so far been able to import, and thus also in the number of development projects we can undertake. Attracting the interest of foreign and domestic investors may result in spectacular improvements in the capital city, and induce infrastructural developments that may elevate the South Budapest region to the status of becoming a new city center. The investments expected to materialize in the hospitality industry will significantly boost our ability to exploit the potentials of the tourist market.

The anticipated upsurge in business and investment activities will create new jobs, with ripple effects expected to impact even on today's crisis areas. The infrastructural investments will also make it more feasible for backward regions to catch up with the rest of the economy.

As host of the world exposition, Hungary will be the focus of interest in every respect: Hungarian culture may become better known around the world; the country's image may improve, and the country may become more attractive both as a tourist objective, and as an area of investment.

Expenditures and Revenues

It will be the first time in the history of world expositions that the event is held simultaneously at two different locations, in two different countries. This lends special appeal to the 1995 expo. According to expert studies and forecasts, assuming that both venues will be equally attractive, each can expect 18 million visitors. During the six months for which the event will be open—between 29 April and 26 October—each day they expect 310,000 foreigners to be in Budapest, 130,000 of whom will be there to see the exposition. During the August peak period Budapest will host an average of 420,000 guests per day, 195,000 of whom will be visiting the exposition.

Table 1. Direct Investment Costs of the Exposition

Site Acquisition, Preparation	14.4 billion forints
Internal Infrastructure	8 billion forints
External Infrastructure	3.2 billion forints
Pavilions, Equipment	6 billion forints
Total:	31.6 billion forints

Operating costs will amount to about 5 billion forints, compared with the 20 billion forints in revenues the event is expected to generate. (Most of these latter from the sale of admission tickets.)

In the interest of efficiency the following strategy should be adopted. Expo Budapest Co., the firm that has undertaken the organization and operation of the world exposition, will assume lease of the 50 hectare area designated as the venue. The preparation and final development of this area will be the task of the South Budapest Investment Co., a corporation to be organized specifically for that purpose, which will cover its costs from various incidental business ventures. Assuming professional cooperation on the part of everyone involved, hosting the world exposition can be a profitable venture.

Expenditures under such a scenario are expected to be broken down as follows:

Site Lease Cost	3 billion forints
Pavilion Construction	6 billion forints
Operating Costs	5.1 billion forints
Total:	14.1 billion forints

Judging from the experiences of our marketing activities so far, we can expect some 70 countries to exhibit in Budapest, requiring 100,000 square meters of built-up space. In order for this to be pleasantly situated from the point of view of our visitors, a total of 50-70 hectares of land will have to be procured.

The exposition itself will not require budgetary subsidies; the event may be staged solely with the help of private domestic and foreign financing. The success of these ventures, however, does depend on certain external conditions, including first of all the existence of a minimally acceptable infrastructure and the presence of a stimulating and business-friendly environment. Profitable long-term utilization of the infrastructure to be built in Budapest will be guaranteed by the establishment of a new city center in the South Budapest region.

Regional Development

Most of the development projects connected with the world exposition will be concentrated in the Vienna-Gyor-Budapest-Szeged-Belgrade and the Budapest-Balaton-Zagreb zones. Directly related developments elsewhere are unlikely given the shortness of time and shortage of funds available; the open program, however, does include plans for improving the roads, railroads and public utilities also of the eastern regions of the country. This is a realistic approach, as East-West relations will continue to improve even if the rate and manner of development in the various Eastern European countries differ.

Although it is modest in scope, once realized the basic infrastructural program can provide the necessary impetus for setting certain favorable economic processes into motion in the affected regions and the capital city. In this sense, the indirect benefits of the basic program far outweigh the costs incurred.

The selection of the South Budapest region as the venue of the world exposition may be justified by the following factors:

—in both cities the plan has been to hold the world exposition on the banks of the Danube, and the river will serve as one of the connecting links between the two venues;

—the South Budapest region has so far been underutilized in terms of its potential as aa integral part of the city;

—the area is directly adjacent to Downtown;

—the area is located directly where the beltway surrounding the city and the Danube meet, which makes it easily accessible;

—with only minimal infrastructural development, the value of the area can be significantly increased; and

—the area offers favorable possibilities for utilization after the exposition (university town, innovation park, etc.)

The Lagymanyos, Csepel Island and Ferencvaros districts of the South Budapest region may thus become the business, trade, cultural, scientific, and tourist centers of the capital city.

Given the extraordinary potentials of the area in terms of its location and layout, and the strong interest shown so far in assuming some of the postexposition functions planned for the area, renter interest in the investments here is likely to remain high. These circumstances also make it possible for the city development project to be financed by private entrepreneurs, with minimal reliance on budgetary funds (of the 44.9 billion forints to be invested in South Budapest, 6.7 billion may be refundable.)

Financing Possibilities

As a result of the preparatory and coordinating efforts of the past six months, the availability of nonbudgetary resources has been quite reliably explored. At the same time, however, there also appears to be a lack of sufficient funds to grant all requests for budgetary assistance. With the commitment of greater local resources as suggested—the availability of which, for objective reasons, still cannot be clearly determined—the demand for funds may be described as realistic. Resorting to foreign credits is an option to be considered by political decision makers.

In order to attract significant amounts of foreign operating capital it is essential that we accelerate the process of privatization, clearly distinguish between state and local property and liberalize the real estate market. To stimulate domestic business interest we must provide tax

incentives and other preferences. Projects to be undertaken under a licensing agreement can only materialize if the draft licensing legislation is drawn up and adopted in time.

Of the three studies analyzing different organizational and developmental program alternatives for the world exposition, the economically most favorable and technically most feasible option is the one which projects 18 million visitors. The minimal program needed to satisfy the infrastructural requirements of this version is as follows:

South Budapest region	44.9 billion forints
Infrastructure development	58.58 billion forints
Total:	103.48 billion forints

It must be clearly understood, however, that this program represents a minimum necessary level which cannot be cut any further. Without it the world exposition cannot be held.

The World Exposition Program Office has worked out two financing options:

1. The option of relying on domestic resources. Opting for this approach would require changes in our budgetary and international monetary policies. The danger here is that unless there is a corresponding decline in budgetary obligations, this would further exacerbate the existing budget deficit. This concept does not have the support of the Ministry of Finance.

One advantage to choosing this option is the greater security which state participation could offer to foreign operating capital. Consequently not only would the value of Hungarian participation be greater—which would also mean a greater Hungarian share of the returns—but we would also be less compelled to accept the conditions presented by the foreign investors.

Overall, therefore, going with this option would more than likely be a cheaper and safer way of staging the exposition.

There is also the possibility of changing the ratio of state participation once the exposition is under way depending on the volume of incoming foreign operating capital. In other words if it turns out the influx of capital is properly paced and targeted, then the state may withdraw from certain areas. The decision, in the final analysis, depends on which of the two types of economic policies suggested to govern the world exposition is selected.

2. The option of relying on the influx of foreign capital. A precondition to going with this option is the implementation of the already mentioned proprietary rights reforms, the enactment of the licensing law and the application of its provisions to the world exposition. The obvious risk of this option is that if foreign interest turns out to be less keen than expected, this would definitely have repercussions for the budget.

One disadvantage to committing ourselves to this option is that today we can still only estimate how much of it can be realized, and that without state participation we would be forced to accept the conditions dictated by the investors.

The Decision on Hosting the Event

The circumstances to be taken into account in making the decision are as follows:

—the hosting of the world exposition itself, and the financing of the development of the South Budapest region as specified above are both feasible to accomplish;

—the financing of the infrastructural developments connected with the world exposition has not been completely resolved;

—the technical, economic, financial and legal preparations for the world exposition and the related developments are on schedule;

—foreign investors are clearly showing an interest, and the foreign—especially Austrian—standards that have been set for the investments and the Expo have been high;

—domestic opinion is equally split for or against hosting the world exposition;

—currently the development of local governments in Budapest, and their attitude toward the world exposition are characterized by political uncertainty;

—this uncertainty is further aggravated by people not knowing which of the two possible economic policy directions will eventually be opted for by the government.

Why a Decision Is Necessary:

A clear Hungarian stand on the issue can no longer be postponed. The lack of a government decision will make it impossible for potential investors to make the decisions they need to make, and thus will hinder preparations and the attainment of the 1995 objectives.

What the Decision Should Contain:

Hosting the world exposition relying on resources from within is a profitable proposition which can be realized with the help of private ventures. Hence a positive decision must in fact mean the acceptance of the infrastructural conditions specified in connection with the exposition. A significant reduction in the number of infrastructural developments proposed will also limit our ability to host the exposition with resources from within.

Decision Alternatives To Consider:

a) If we accept the premise that the country and Budapest require infrastructural expansion, then naturally the decision must be positive. But that decision will entail advantages as well as risks.

On the plus side, it will enhance the country's prestige, effect the construction of infrastructural projects that will improve the efficiency of the economy and the effectiveness of environmental protection, stimulate tourism, expand employment by creating new jobs, generate a greater influx of operating capital, and accelerate the modernization of our institutional system.

The risks lie in trying to find quick solutions to resolving our financing problems, which may lead to a temporary deterioration of our budgetary problems; in our negotiations with the IMF infrastructural developments will have to figure more prominently, and this larger ratio will also have to be reflected in our requests for foreign loans; and the local governments may choose to refuse to participate.

b) If the government, the local governments and Parliament decide against the minimal infrastructure development proposal, then that will leave us with two options:

1. We can go ahead and host the world exposition. In doing so, however, we must understand that this will mean limiting the scope of the event to a level where we will be certain to incur losses and suffer other economic setbacks; moreover, we will be forced to bear the consequences of low quality organization and failing to live up to our commitments.

2. We can choose not to host the world exposition. The effect of this would be a decline below a critical point in the perceived trustworthiness and prestige of our country; it would mean scaring away foreign investors for a long time to come, and not being able to benefit from the economy-stimulating and employment-generating effects of the world exposition.

Recommendations

The commissioner and the World Exposition Program Office recommends that the government decide positively on hosting the world exposition, and that it take the steps recommended under the second financing option.

In the case of an affirmative decision, already in 1990, 250 million forints will be needed to start working on infrastructural project, and another 22 million forints for the establishment of the South Budapest Development Company. Also vitally important is that the licensing law be passed as soon as possible.

The bids arriving in response to the international call inviting financing proposals will have to be evaluated, and the results must be forwarded to the government. A proposal must be drafted to clarify users' rights in the case of real estate located within the world exposition zone. Negotiations must be initiated with the Austrian commissioner in charge of the world exposition regarding preparations of an intergovernmental agreement concerning the details of organizing the exposition.

The Government Proposal

Tomorrow, on 25 October, the government will discuss a proposal concerning the concept of the world exposition. The proposal, which with its enclosures looks more like a 400-page study, is based on various technical, economic, legal and financial antecedents.

Included among the main chapters of the proposal are the following:

1. The Expo. This contains an economic analysis of the details of hosting the exposition, complete with three possible options (i.e., the zero, center and optimistic options); a technical justification for its proposed alternative; data pertaining to the area of the Expo; a justification for its choice of venue for the exposition; and the economic concept and organizational structure of staging the event.

2. The chapter, entitled "The Infrastructural Needs of the World Exposition" describes Hungary's infrastructural backwardness, and puts forth a basic infrastructural program complete with cost estimates.

3. The chapter, entitled "The Infrastructural Background of the World Exposition" outlines for the government its proposed open development program together with the amount of investment required.

4. Under the heading "Development of the South Budapest Region" the decision makers can read about the goals of city planning and city development and their interrelationships, the long-term utilization of the area, laying the economic foundation for the development concept, and the economic, organizational and financing concepts behind developing the South Budapest region.

5. Discussed under the title "Foreign Tourism" by the World Exposition Program Office people are the projected dimensions of tourist interest, tourist industry earnings expected to result from the world exposition, provincial revenues, the economic effects of foreign tourism, the regional interrelationships among tourist industry developments, the policies and system of means governing the tourist industry.

The Basic Infrastructural Program

This program proceeds from the assumption that at least 100,000 visitors per day will wish to approach the scene of the world exposition, and that at the same time our transportation system must also continue to serve the needs of other tourists and the residents of Budapest. Its secondary goal is to help ensure that the long planned investments which have always been described as urgently needed, but have for financial reasons always been postponed, are realized in a manner compatible with the capacities of our transportation network and the

country's long-term development plans. One important consideration was to include investments in the program, perhaps under a licensing arrangement, that would attract private entrepreneurs; we also had to take care to recommend investment projects that can be completed within the short time available.

The basic program thus compiled covers the following areas:

Highway Transportation: The Vienna-Budapest expressway, the M10 beltway, thoroughfare number five, modernization and capacity expansion between the opening sections of M1 and M7.

City Transportation: The outer Budapest beltway (the lengthening of Hungaria Boulevard); construction of the opening sections of thoroughfares number 5 and 6 and the Duna bridge at Lagymanyos; the modernization of mass transportation—street car, HEV [Budapest Suburban Railway System]—in the capital city.

Railroad Network: A railroad terminal to serve the world exposition; improving the quality of existing services.

Water Transportation: Modernization of Budapest's fleet of international ships; construction of facilities serving the venue of the exposition.

Air Transportation: Extension of the second module of Ferihegy 2; expansion of the landing areas.

Communications: The information technology development program planned for the venue of the world exposition aims to bring together a multitude of state-of-the-art telecommunications, telemathic and transmission technology services, including cellular mobile telephones, videophones, electronic mail, and the new ISDN services.

Culture: Under consideration for development and reconstruction assistance are the following: reconstruction of the Museum of Fine Arts; reconstruction of the National Museum; completion of the Museum of Natural Sciences; renovation of the Budapest Historical Museum (the park of ancient ruins at Aquincum); renovation of the archiepiscopal palace in Visegrad; completion of the National Art Memorial Museum exhibit hall; setting up the Ujpest pattern collection exhibit in one of the pavilions of the world exposition; and reconstruction of the open air theater on Margaret Island.

Health Care: Modernization of ambulatory patient services at 3 Budapest hospitals, i.e., at the Honved, South Pest and Tetenyi Street care facilities.

Tourism: Meeting the minimum investment needs of foreign tourism in Budapest, and expanding the lodging facilities of its agglomerate areas by 8,000-12,000 units.

Land Law Dilemma: Coalition Talks To Remedy Flaws

FKgP Favors Amending Constitution

91CH0113A Budapest TALLOZO in Hungarian No 42, 19 Oct 90 p 2004

[Unattributed interview with Smallholders Party [FKgP] faction leader Jozsef Torgyan; place and date not given: "Tripartite Pact; Torgyan: A Revolutionary Situation Exists in the Villages"—reprinted from MAI REGGEL 9 Oct 1990, page not given]

[Text] Behind closed doors the coalition parties began discussing the situation that evolved in the wake of the Constitutional Court decision. Early last week the body designed to protect the constitution managed to veto the pivotal points of the cabinet's land concept. Land settlement proclaimed by the FKgP [Smallholders Party] cannot be implemented for the moment as a result of the decision.

In the first round of discussions held at Christian Democratic People's Party [KDNP] headquarters, the cabinet was represented by Agriculture State Secretary Dr. Endre Mandy, Government Chief Counsellor Bertalan Diczhazy, and by Ministry of Agriculture Deputy Division Director Dr. Zoltan Miko. Zoltan Bogardi, Gabor Kanya, and Peter Halasz were present on behalf of the Hungarian Democratic Forum [MDF], Jozsef Torgyan, Istvan Bakos, and Attila Benke represented the FKgP, while Geza Krudy, Laszlo Pallos, and Dr. Ferenc Szakal took part on behalf of the KDNP.

After the meeting we asked FKgP faction leader Jozsef Torgyan for his view on progress made in the first round of discussions.

[Torgyan] Since the subject matter itself is not easy, our discussions did not progress easily either. I make no secret of this: We, the FKgP, insist on our original position, to implement the reprivatization of land using the 1947 conditions as a basis. After all, the coalition parties jointly prepared the legislative proposal submitted by the cabinet to the Constitutional Court.

[MAI REGGEL] Do you envision the possibility that your original position may prevail in the aftermath of the court decision?

[Torgyan] We are only analyzing the situation for the time being, and we are looking at the legal limitations that exist and at possible solutions. We remind ourselves of the original starting point of the earlier agreement between the three parties, the one we put in writing. A million possible alternatives were mentioned, ranging from amendments to the law on cooperatives all the way to amending the constitution. The straight path is not always the shortest....

[MAI REGGEL] Did your views come closer?

[Torgyan] Two opposite positions manifested themselves. One is the position held by the cabinet, according to which the constitutional interpretation rules out reprivatization. It regards only the privatization of land as possible. On the other hand, we are unable to yield, because the Constitutional Court decision will produce neither fish nor fowl. In travelling the countryside over the weekend I found that people were very bitter. A virtual revolutionary situation evolved in villages, there will be neither bread nor potatoes next year unless we conduct our negotiations fast.

[MAI REGGEL] When are you going to submit a proposal to the Constitutional Court?

[Torgyan] We do not want to act hastily in this matter. Before doing so we will conduct bilateral consultations with our coalition partners. It will depend on the end result of the three-party discussions whether we expect an interpretation of the constitution on our own, or perhaps jointly, and also in regard to the aspects for which we expect to obtain such interpretation.

Christian Democrats Mediate

91CH0113B Budapest TALLOZO in Hungarian No 42, 19 Oct 90 p 2004

[Article and interview with KDNP [Christian Democratic People's Party] representative Geza Istvan Krudy, by Erika Nemeth; place and date not given: "Once Again: Coalition Talks on Monday; Seeking Common Points of Agreement"—reprinted from REGGELI PESTI HIRLAP 10 Oct 90, page not given]

[Text] At the initiative of the KDNP [Christian Democratic People's Party], and organized by the KDNP, expert negotiations began on Monday to reconcile the positions held by the coalition parties—the MDF [Democratic Forum], the FKgP [Smallholders Party] and the KDNP—concerning the land issue, in order to resolve the situation that evolved in the wake of the Constitutional Court decision.

Discussions were held behind closed doors, nevertheless this much became known: FKgP leaders are dissatisfied with the results produced in the first round of discussions, i.e., they do not yield regarding their original position of using 1947 land conditions as the basis. What if they continue to be inflexible and insist on representing their position, we asked Geza Istvan Krudy, the KDNP's representative at the expert discussions.

[Krudy] Representatives of the FKgP manifested a preparedness to negotiate. In the first round of discussions representatives of the three parties presented their respective programs; they tried to find common grounds within these programs, because we are aware that an agreement is possible only on a consensual basis. FKgP leaders did not make statements on what transpired in the course of discussions, they reiterated their own program instead. I feel that they have a right to do so.

[Nemeth] On the other hand, they announced that the positions held by the KDNP and the FKgP came closer to each other. Could it be that you are in agreement regarding the issues of reprivatization and the amending of the constitution?

[Krudy] The term "approach" may characterize the fact that in the course of discussions we did not attack each other's programs, but were searching for common grounds, as I mentioned before. We did not change our view concerning reprivatization and privatization issues, but I may divulge this much: We do have a proposal in this relation which may serve as a bridge, which we hope both our partners will accept sooner or later. Amending the constitution is a complex process, it requires an affirmative vote of two-thirds of the representatives, therefore I hope that the situation may be resolved without amending the constitution. I see the greatest threat in the possibility that FKgP Representative Geza Zsiros introduces his own, independent land law proposal. This may set back our work.

[Nemeth] When will the expert discussions continue, and what will be your role in these?

[Krudy] The second round of discussions will be held on Monday, at 9 in the morning at KDNP headquarters, again behind closed doors. A third round of discussions cannot be ruled out either, this would be followed by a three-party faction meeting in early November. A political decision would be made at that meeting. Thereafter negotiations among the six parties may follow. Our role continues to focus on organizing and on making initiatives.

[Nemeth] Did you agree to play a conciliatory, an intermediary role?

[Krudy] You said it.

Parties On FKgP Proposal

91CH0113C Budapest TALLOZO in Hungarian No 42, 19 Oct 90 p 2005

[Article by Attila Farkas detailing comments by spokesmen for Democratic Forum [MDF], Alliance of Free Democrats (SZDSZ), Association of Young Democrats (FIDESZ), Hungarian Socialist Party (MSZP), and Christian Democratic People's Party [KDNP], on Smallholders' Party [FKgP] Proposal To Amend the Constitution: "Do We Need Another Constitutional Amendment? Various Parties View Torgyan's Statement"—reprinted from MAGYAR HIRLAP 10 Oct 90, page not given]

[Text] After Monday's discussion among coalition party experts concerning the land program, Smallholders' Party [FKgP] faction leader Jozsef Torgyan said that "....from a legal standpoint, the constitution, as amended also by the new parliament enables a political systems change, but it even more so retards the economic systems change. Another amendment to the constitution may be

necessary." MAGYAR HIRLAP asked the rest of the parties seated in parliament whether they feel that another amendment to the constitution, which has been amended several times already, is required.

—Imre Konya (MDF) [Hungarian Democratic Forum]: We must recognize the fact that during the transitional period amendments to laws, and frequently to the constitution will be required. Thus it is conceivable that all kinds of laws, including the constitution will be amended. In this particular case, however, I do not feel that it is absolutely necessary to amend the constitution. Of essence is the fact that we must resolve the issues pertaining to both privatization and indemnification. In light of the Constitutional Court decision it became clear that one cannot make distinctions in regard to ownership rights. In my view, this situation may be resolved by drafting an indemnification law based on uniform principles. And that privatization would also be provided for, based on uniform principles. These two problems must be resolved simultaneously in my view, and I hope that there will be no need to amend the constitution in the course of creating a land law and a privatization law.

—Peter Hack (SZDSZ) [Alliance of Free Democrats]: I just came out of a conference in which East European constitutional law experts exchanged views. The greatest surprise was caused by the fact that in Hungary the constitution was amended four times in the course of a single year. In my view the constitution now in effect must not be amended further, and must not be treated as some organizational or operating rule. In the SZDSZ' view—which we also expressed in the course of debate concerning various constitutional amendments—a new constitution should be prepared within a year, and no amendments should be added until such time. For this reason I am able to confirm that within the time frame mentioned it will be necessary to create a stable constitution which does not reflect partisan principles, and which stands on the foundation of democratic principles.

Considering all this I find the Smallholders' idea of amending the constitution unacceptable. Nor do I regard as appropriate the view which holds that present constitutional provisions, insofar as these pertain to property, hinder privatization.

—Jozsef Szajer (FIDESZ) [Association of Young Democrats]: I do not believe that there is a need to amend the constitution. I think the Smallholders' idea and line of thought is mistaken. I do not think that the claim that today's constitution hinders privatization is based on strong arguments. The present constitution enables the state to privatize its own property. And the essence of privatization is that state property becomes private property. In the same way there is a possibility to privatize cooperative property, because cooperatives dispose over their assets. In order to catalyze and to encourage privatization in the cooperative sphere at an appropriate pace, the law on cooperatives must be amended, not the constitution. Beyond that the government has the authority to develop a regulatory system which motivates cooperatives to privatize.

—Zoltan Gal (MSZP) [Hungarian Socialist Party]: I was surprised to read the FKgP faction leader's grandiose statement, because not too long ago we amended the constitution at the initiative of the ruling parties. I regard as dangerous, and inconsistent with the concept of a constitutional state any idea which holds that we should immediately change laws, and to mold them willy nilly whenever we run into an obstacle. This kind of thinking creates chaos and weakens our predictability which is much needed in this country. The confidence of both our citizens and foreigners will be reduced if our predictability is weakened. I do not find justification for the Smallholders' proposal. I believe that the last process in which we amended the constitution created a clear situation.

—Gyula Krudy (KDNP) [Christian Democratic People's Party]: I would begin by saying that I am not a lawyer, and that accordingly, my view must not be regarded as decisive. As far as I know an amendment to the constitution could facilitate privatization and structural change in agriculture. At the same time, however, these two problems may be resolved without amending the basic law. I would stress by all means that the KDNP intends to seek a solution jointly with its coalition partners for the privatization of agriculture while observing the decision rendered by the Constitutional Court.

Further Developments

91CH0113D Budapest TALLOZO in Hungarian No 43, 26 Oct 90 p 2021

[TALLOZO's summary of developments: "The Constitution, Land, the Coalition"]

[Text] The agricultural professionals of the coalition reached an agreement at the three-party expert discussions. According to this agreement the cabinet's agricultural program may now be developed in due consideration of the Constitutional Court opinion. Nevertheless, this announcement does not signal the beginning of a peaceful resolution of the land issue. Smallholders' Party representatives said that the persons who participated in the coalition talks had no authority to sign a final agreement, and particularly not in regard to political questions. According to Geza Zsiros yet another matter requires clarification: Whether we are witnessing a peaceful transition or a peaceful revolution in this country.

MDF's Interest in Settlement

91CH0113E Budapest TALLOZO in Hungarian No 43, 26 Oct 90 p 2021

["Excerpt" from an unattributed article: "The Smallholders' Party Does Not Surrender Its Principles"—reprinted from MAGYAR HIRLAP 17 Oct 90, page not given]

[Excerpt] [passage omitted]

Whose Interest Is Served?

"(....) The government program contains two fundamental issues, Geza Zsiros told this newspaper. These two questions serve as the foundation for the coalition. One pertains to the settlement of the ownership of arable land, consistent with conditions which existed in 1947. The other is the retention of rights to social security benefits by those who receive their old property. The Smallholders' Party joined the ruling coalition based on an agreement concerning these two issues. This means that at present the Smallholders are not concerned about their program, but the coalition partners ponder instead what will happen to them if they fail to fulfill their promise. (....) Extortion is not at issue. The mere fact is that it is not the Smallholders' concern, but the Hungarian Democratic Forum's interest to get the land issue over with. (....)" [passage omitted]

Farmers Dissatisfied

91CH0113F Budapest TALLOZO in Hungarian No 43, 26 Oct 90 p 2021

["Excerpt" from an unattributed article: "We Accepted the Word of the Head of Government at Face Value"—reprinted from PEST MEGYEI HIRLAP 20 Oct 90, page not given]

[Excerpt] [passage omitted]

The Given Word

"(....) Most people agreed with, and applauded Geza Zsiros' speech. Among other matters he had this to say: Everything must be returned to the rightful owners—land, buildings, and shops, moreover, such property must be returned for value identical to what the owners received when the property was taken away from them. (....) Representative Zsiros described why he withdrew his own legislative proposal at the time, even though he felt that his proposal should have been made the subject of debate. "I permitted myself the luxury to take the word of the head of government at face value. On the other hand, a significant number of representatives in the coalition parties would have voted against me. They would have done so because they did not even take a look at my proposal, and vanity is a great master. How would it look after all if the cabinet proposes amendments to a legislative proposal introduced by a representative?" Zsiros said that he might ask the parliament to place his legislative proposal on the agenda, because he did not withdraw the legislative proposal itself, he only withdrew his request to place the proposal on the agenda. Persons commenting sharply criticized the work of the parliament. One person said that while the gentlemen are engaged in debate, "we do not know what to produce, we lose our enthusiasm, let alone our interest in requesting the return of our land. There will be a catastrophe if they do nothing, and the wind will blow under the representatives' feet." (....)"

Land Law Dilemma: Integrity of Cabinet, Court Questioned

Entrapment Seen

91CH0112A Budapest TALLOZO in Hungarian No 42, 19 Oct 90 p 2007

[Article by Zsolt Bayer: "The Hungarian Democratic Forum (MDF) Dug a Political Grave for the Smallholders"—reprinted from KURIR 12 Oct 90, page not given]

[Excerpts] [passage omitted]

The Association of Young Democrats [FIDESZ] closed the campaign Thursday with a press conference. [passage omitted]

Faction leader Viktor Orban viewed the Constitutional Court opinion on the land law as the sole significant political event during the past two weeks. The Hungarian Democratic Forum [MDF] dug a political grave for the Smallholders, according to Orban. He went on to describe the tactics used by the ruling party. The first element of this tactic was to delay the introduction of the land law in parliament as long as that was possible. After introducing the land law they requested an opinion from the Constitutional Court. Even persons not trained in the field of law would find it entirely obvious that the only possible answer that could be given by the court in this regard was the one the court ultimately provided. Meanwhile the MDF urgently introduced the preprivatization law. This legislative proposal contained only a single reprivatization element, notably the fact that in regard to land property, persons who owned land as of 1947 would have preferential rights in making advance purchases. Thereafter the Smallholders introduced a few reprivatization amendments, but these proposed amendments, as well as the advance purchase rights were subsequently left out of the proposal. This was accomplished by the MDF voting with the opposition. Finally, they entirely "crushed" the backbone of the Smallholders faction by persuading the Smallholders to adopt the preprivatization law which by then did not contain a single reprivatization element. The only representatives who recognized this trap and voted against the proposal were Sandor Olah, Miklos Omolnar, and Geza Zsiros. This is the political chess game the Smallholders Party lost, and thus got itself into an extremely difficult situation. It had the choice of either insisting on the party's 1947 concept which is unconstitutional, or of presenting a new program. Lacking a new program, the Smallholders' "days are counted," and soon "they may close shop." [passage omitted]

Government's Legitimacy Questioned

91CH0112B Budapest TALLOZO in Hungarian No 42, 19 Oct 90 p 2005-2006

[Article by FKgP [Smallholders Party] Representative Miklos Omolnar: "Constitutional Court, or the Burial Shroud of the Revolution"—reprinted from KIS UJSAG 11 Oct 90, page not given]

[Text] The gentlemen veiled in dark blue cloaks—the Constitutional Court of the Hungarian Republic—performed a thorough job. They responded accurately to the unmistakable questions raised by the cabinet. These questions almost included the answers. The gentlemen in the dark blue cloaks responded the way the Constitutional Court should, by using the present constitution as the starting point. It appropriately prohibits discrimination between citizens, and equally protects property, irrespective of whether such property is state, cooperative, or private property. This is the way things should be in a democratic republic.

This is how things should be, insofar as the raw paper form, the legal truth (?) that may be deduced from cold paragraphs, is concerned. The gentlemen dressed in dark blue cloaks, Hungary's highest dignitaries in the field of jurisprudence ascended to their ivory tower carrying copies of the constitution under their arms, then responded to the questions raised by the cabinet. The questions were posed in an honest, open form.

The judges did not bother with, because they could not be bothered by, the making of deep-rooted history now in progress. They were unable to take into consideration springtime promises of major housecleaning projects and of doing historical justice. They were unable to consider the moral and political consequences of their decision. All they did was to compare the questions raised by the government with the letter of the constitution of the Hungarian Republic. The questions were not in the least pointed, nevertheless they were worded in a way to reflect childish curiosity....

And how about the spirit of the Hungarian constitution that was conceived and born in a peaceful revolution? Did anyone bother to think about that? About the common will that existed at one time, about the need to accomplish a decent settlement with the past, about a new homeland to be built on secure moral foundations.... Come on! Who would bother with such things nowadays, who would hear such voices amid the vulgar chant of partisan supporters?

Peaceful revolution? Was there such a thing at all? Would it not be closer to the truth to say that the scathing, filthy bootleg brandy of Hungarian democracy was distilled from the sticky, rotting mash of Kadar's dictatorship?

Let someone state the reality at last, the events that have taken place here! In one of the satellite territories of the collapsing Soviet empire—a country which once revolted—the grumbling intelligentsia printed samizdat and formed groups (parties?). These groups began to strike deals with the janissaries, who sensed the winds of change and were willing to swear to the New Age. They sat around a round table, and after some quarrel and struggle they fixed a date when the godgiven people might cast their votes freely.

This much, not more, took place in reality. The time has come to stop fooling each other.... Big promises were flying and roaring. We have here a unique, unprecedented, peaceful Hungarian revolution—the eyes of the world are upon us! A revolution? Come on, what made this a revolution?

Honorable revolutions do justice. They focus on the future, while hands bandage wounds suffered in the past. Appropriately, the heroes of 1956, and thousands of hanged generals and political prisoners received satisfaction. But why are reparations not due to the ordinary man who has been vilified, robbed and deprived of his property? After all, is not everyone in this country talking about clarifying proprietary relations, about the importance of the sanctity of private property, and about privatization?! Why should not the one who wants his property, and wants to operate and cultivate his property have his property returned? Why could not the interests of previous owners, and of those who want to become owners be reconciled at last in the framework of a package plan? Why was it necessary to railroad through the parliament a new kind of privatization law which reflects the outlook of self-employed persons? And then, to make reference to this fact, and to ask hypocritical questions from the Constitutional Court?

Think of the number of considerations we have here, and which were not given consideration, and of the number of partial interests this involves, which do not fit in the context of the political system! Only a few months ago did we begin to build the constitutional state, yet we indiscriminately utilize as building blocks the dictates of the dictatorship.

On and off we amend the constitution, but then, no one ever bothered to check whether some old provisions or laws still in force conflict with the new basic law, or for that matter, to determine the number of decrees still in force which are repugnant to the constitution, and the consequences of which make their effects felt to this date.

It does not matter, it really does not count, that the Constitutional Court of our revolutionary republic was unable to find time to perform this detailed work. Instead of doing so, it responded to two questions related to a legislative proposal not yet introduced in the parliament, or not even that: only to a mere concept considered by the cabinet.

And the dead letters of the revolutionary constitution provided an answer. Starting out from these letters, the gentlemen in the dark blue cloaks who like to be precise, modestly forgot about reviewing the legal system of the dictatorship, and pronounced a verdict which cannot be appealed. Kolhoz farms, "cooperatives" formed by the use of physical force and by pressure disguised as law enjoy the same protection as does property acquired in any other way, let's say through an honorable purchase or through inheritance.

Rest in peace, peaceful revolution. If you existed at all, if you were alive at all....

'Immoral Legality?'

91CH0112C Budapest MAGYAR HIRLAP in Hungarian 20 Oct 90 p 6

[Interview with Industry and Commerce Political State Secretary Istvan Pohankovics, by Sara Pogany; place and date not given: "Immoral Legality? Reprivatization Is Needed"—first paragraph is MAGYAR HIRLAP introduction]

[Excerpts] Istvan Pohankovics is a 35-year-old agricultural economist. At present he is the political state secretary in the Ministry of Industry and Commerce. Having completed university studies in economics, he worked for twelve years as a chief accountant at the Kiskoros State Farm. He wrote his doctoral dissertation in 1985 on the economic situation of vineyards and wineries. He himself cultivates grapes on 2.5 hectares. Pohankovics began his political career with the MDF [Democratic Forum], but three months later he changed his affiliation to the Smallholders Party.

[Pogany] One should not ask questions from the political state secretary at the Ministry of Industry and Commerce concerning the interpretation of a Constitutional Court decision. Notwithstanding this fact, I will ask: What is your view of the fact that the Court declared the cabinet's proposed land law unconstitutional. It is well known that this legislative proposal became a cabinet program based on the original Smallholders Party concept.

[Pohankovics] I was not surprised. One could expect the justices of the Hungarian Constitutional Court to render such a decision. The liberal citizenry, and mainly the intelligentsia is not deeply interested in this issue, because they are the descendants of the original owners. Even if they were to inherit something, they would not know what to do with two or three acres of land, whose annual yield would amount to between 6,000 and 8,000 forints per acre if they grow animal feed. Nevertheless the fate of their property could be settled in an honorable manner. This issue should not have been brought before the Constitutional Court in my view.

[Pogany] Why? Was there another solution?

[Pohankovics] It should not have been brought before the Constitutional Court, because in those days our fathers who were deprived of their property did not go to the Constitutional Court either, even though the taking away of land for a 2,000 or 3,000 forint compensation under the pretext of "redemption," the forcing of the heirs into cooperatives, and the forced work to achieve the annual norm were all unconstitutional. Let me give you an example. In West Germany land may be inherited only by the first-born sibling, the rest of the brothers and sisters must purchase their share of property. I ask this question: Do constitutionality and political considerations tolerate this situation? Rights were violated here in Hungary, and the Smallholders program provides for a retroactive settlement of these violations. It concerns a one-time settlement, and it applies to the 31 December 1947 situation only for political reasons and to a maximum private land property of 200 acres (120 hectares)!

[Pogany] But the Constitutional Court's opinion clearly states that one must not distinguish between one kind of property and another. How should people who did not own land, but owned pharmacies, shops, restaurants, or movie theaters receive indemnification?

[Pohankovics] Within the party I support the view that various types of property cannot be separated, and that rehabilitation and reprivatization should be combined. This would be a relatively simple matter when buildings are involved. Owners whose buildings were demolished should be indemnified in some way (e.g., by being paid the price of the lot). And the owners whose buildings stand should check whether their buildings are privately owned or are owned by the state. Dispositional rights regarding state-owned real estate (i.e., opportunities to lease or sell) should be returned to the original owners. A different rule should apply to persons who acquired private ownership more recently. This year already, as of 30 June inclusive the government should have temporarily suspended the sale of buildings. This did not take place, unfortunately. Nonresidential business property should be reprivatized. These properties should be returned to their original owners, the present users—not the present owners—should receive a between three and five-year grace period for their own use, so that they have time to "move out" or to produce the purchase price.

[Pogany] But what should be the fate of those who for years leased a pastry shop for example? They invested money in their shop, and were unable to tell in advance that at one point the old owner would appear. Who will indemnify such a person?

[Pohankovics] If owned by the state, such facilities should be returned to the original owners. One solution could be that the original owner declares a moratorium lasting between three and five years, so that the bona fide lessee has time to decide whether he wants to redeem that property. The lessee and the original owner should reach an agreement. When we were talking about restoring the 1947 conditions we had in mind that 200 acres or 120 hectares of land, and the ownership and dispositional rights over 2,000 square meters of real property should by all means be given back to the old owners. We do not want to return factories with 1,000 workers, large industry, or wholesale trade. But in this instance they deprived people of their property under the disguise of "immoral legality." And who benefitted as a result? To a smaller or larger extent, the members of the Hungarian Socialist Workers Party [MSZMP] and their supporters outside the party.

[Pogany] You can't be serious about that....

[Pohankovics] Look, I have lived long enough in the countryside. I also obtained ample experience there. Who were the ones to purchase for paltry sums, for 60,000 to 70,000 forints, the housing units managed by

the councils? Who were the ones to receive reduced rate National Savings Bank [OTP] loans? I dare make such clear-cut statements because from the standpoint of my existence I do not depend on the prevailing political winds. I can return to my original profession at any time. It is possible that I will earn less money there, but then I will have more free time. Regrettably, both reprivatization and privatization progress slowly. I do not know the future outcome of the coalition talks, but I am certain that the Smallholders will not remain unprincipled allies, if the situation evolves that way. Incidentally, I do not regard the situation of the coalition as tense. During the last parliamentary session the question of finding a resolution to all this arose in the presence of some eminent MDF personalities. Should this matter be resolved in the form of free coupons representing assets, certificates of value given to the original owner after the land that was taken away, and which he could redeem for the land, if he wanted to do so? A mechanism like this should be functioning already in spring 1991. But knowing today's political and printing conditions....[passage omitted]

[Pogany] If you are drawn so strongly to the agricultural world, why don't you put to use your knowledge and experience at the Ministry of Agriculture?

[Pohankovics] The situation evolved this way. At the highest levels of leadership the Smallholders Party felt that I should serve here because I am an economist. But don't worry, I do not insist on working as a state secretary. I could be useful also in the field of agricultural and food production, and in the trade of these. The future of those more or less 1 million people in the countryside (village and small town residents) and of their families who were deprived of their land and of the right to freely dispose over their property, the future of those 1.5 to 2 million people who make a living from agricultural production must be shaped in a way that the individual takes a risk instead of enjoying comfort, but also in a manner that he "may be the real master of his fate."

Land Law Dilemma: Chief Judge Asserts Judicial Supremacy

91CH0111A Budapest MAGYARORSZAG in Hungarian No 42, 19 Oct 90 p 22

[Interview with Constitutional Court Chief Justice Dr. Laszlo Solyom, by Csaba B. Almasi; place and date not given: "Words Being Weighed"—first paragraph is MAGYARORSZAG introduction]

[Excerpt] The Constitutional Court decision which struck down the tax on mortgage interest payments earlier this year placed the government only in an uncomfortable situation. The opinion rendered the other day had an actual shock effect on one of the ruling parties. As a result the Smallholders' land program may at best become a rosecolored illusion hereafter, and by no means the foundation for a legislative proposal, even though from a practical standpoint this was the only political concept they were able to present. I asked Constitutional Court Chief Justice Dr. Laszlo Solyom to explain the legal and political content of the decision, and beyond that, to tell me about the type of work and tasks faced by the court.

[Almasi] The verbatim text of the Constitutional Court decision and its justification is well known from daily news reports. I would like to request you to shed light on the legal basis of the decision.

[Solyom] As I understand the situation, part of the public is mistaken in regard to this issue. Many believe that we declared in advance a political party's program, or a legislative program unconstitutional. This is not the case. The cabinet requested us to render an interpretation of the equal rights and property protection provisions of the constitution. The land law is not at issue, we cannot make reference to it, because we are authorized to examine a legislative proposal only after its introduction in the parliament. Our decision pertains to what is and what is not permitted under the constitution, that is, we provide abstract responses to abstract questions. It is yet another matter that as a result of our response an entirely different light was shed on a political issue, notably on the Smallholders Party's land program.

They Did Not Close the Path

[Almasi] Most certainly you were aware of the fact that by rendering this opinion you would whip up a tremendous storm. Did this knowledge influence your decision? In general, are you able to remove yourself from actual political issues in other cases?

[Solyom] We must be guided by the provisions of the constitution, and we must not subject our workings to daily political interests. Our most important task is to filter out and to declare null and void measures which conflict with constitutional provisions. At the same time the members of this body are very well aware of the political and economic implications of decisions. But from our standpoint the real political question is whether we secure equal rights under law, and that property remains untouchable. How can a new order evolve in Hungary unless everyone can be certain that the state is unable to touch a person's property as a result of political considerations? Compared to this, the way individual parties resolve their crises is secondary. Incidentally, our decision did not at all close the path to transferring land into private ownership. Moreover, contrary to our accustomed practice—because this is not the function of the Constitutional Court—we indicated how the problem could be resolved, i.e., by amending the land law and the law on cooperatives.

[Almasi] The lay observer may increasingly feel that in some cases, as a branch of power, the Constitutional Court is above the parliament.

[Solyom] This [feeling] is indeed correct. We are not subordinate and not accountable to any state organ, we

are bound only by the constitution. This body enjoys the greatest possible independence, not even the National Assembly can influence us in any manner. I, as chairman of the Constitutional Court decide for myself whether to take part in National Assembly sessions, I may address the National Assembly if I wish to do so, but I am not subject to interpellations and no questions may be asked of me. The Constitutional Court may declare acts of the parliament null and void if it finds that in the course of its activities the legislature violated the constitution. In this sense then, this body is above the parliament. In a similar manner, only we are authorized to judge the president of the republic. The condition for the exercise of this extraordinary power is the independence of justices, and this is also guaranteed by their status established by law. We were elected to serve nine-year terms, and we will remain in our places even if this, or the following parliament dissolves itself, and even if this cabinet, or perhaps the individual parties no longer play any role at all in politics. We cannot be removed from office, only the body of justices has authority to decide personal matters. These entitlements provide the Constitutional Court's ability to always preserve its objectivity and independence. [passage omitted]

Allegation of Anti-Semitic Remark in Parliament Proven False

91CH0104C Budapest NEPSZABADSAG in Hungarian 13 Oct 90 pp 1, 5

["Text" of Supreme Prosecutor Dr. Kalman Gyorgyi's letter dated 12 October 1990 to President of the National Assembly Gyorgy Szabad: "Expert Examination Concluded: Only the Speaker Was Offered a Soap Box"—first two paragraphs are NEPSZABADSAG introduction]

[Text] National Assembly President Gyorgy Szabad read to reporters the letter he received from the supreme prosecutor. In it the supreme prosecutor summarized the findings of an investigation by experts he initiated at the request of the National Assembly president regarding the soap box affair.

At his Friday morning press conference Szabad made clear that he would not comment on the letter. He kept his promise. National Assembly Vice President Alajos Dornbach, and the KURIR editor in chief issued statements to this newspaper.

"To Mr. Gyorgy Szabad, president of the National Assembly. "Highly respected Mr. President!

"In response to your request dated 3 October 1990 I ordered an investigation to determine the contents of the exclamation made during an interpellation by Representative Peter Tolgyessy on 18 September 1990 in the National Assembly. The order to investigate was issued under authority granted to me in Section (3) of Paragraph 25, Law No. 5 of 1972.

"Immediately upon receipt of your request I took action to obtain all kinds of audio and video recordings which might yield information concerning that session of the National Assembly. Thus I obtained from the Hungarian Television the original 'time coded'—therefore authentic—video and audio recordings. With the help of these one may determine whether any change was made on other recordings made public. Since it is important to determine what transpired at the National Assembly session, I also acquired the relevant audio recording of the Hungarian Radio.

"After receiving your request, and in response to my request, the executive secretary of the National Assembly made available to me the stenographers' notes taken at the session (the draft of the final minutes), the so-called proof copy prepared from these minutes, complete with parts corrected and approved by the official reporters, and the verbatim text of the final minutes.

"I viewed and listened to the above mentioned video and audio recordings with my associates, and became convinced that special expertise was required to determine the contents of the exclamation heard.

"The basic goal of the phonetics and sound technology expert examination was to make a positive determination regarding the content of the exclamation. I also asked the experts to provide an opinion as to whether any interference or change may be discovered on the available video and audio recordings, about the extent to which there are identical or different data on various recordings, and to provide explanations for possible differences. I also requested an opinion on the degree of certainty by which it may be determined which version of the disputed statement was made. I requested information as to the extent to which the statements made on the various recordings may be misunderstood. And finally, I asked the experts to attempt to eliminate the background noise from the recordings so that the statements on the recordings might be clearly understood by anyone. You are familiar with the background noise I just mentioned.

"I commissioned the Phonetics Laboratory, Linguistics Institute of the Hungarian Academy of Science and the Transportation Documentation Enterprise movie studio to perform these tasks. The two groups of experts performed their investigations independently of each other, unaware of the fact that another group was also commissioned to perform the same work.

"I compared the original recordings with the recordings from which the background noise was removed. Based on expert opinions I found the following:

"It may be stated with absolute certainty that the wording of the 'exclamation' during Dr. Peter Tolgyessy's interpellation was 'Soapbox for the Speaker!' The experts examined the questionable text in part with instruments and in part with human help, and in parallel to this, on the basis of phonetic criteria. The outcome of these proceedings left no doubt about the correctness of

my finding. The examination also established beyond doubt that the word 'Jew' was not used during the entire statement made by Dr. Tolgyessy, in some other context or independently. The report prepared by the Phonetics Institute in particular provides details and scientific reasoning concerning the exact wording of the statement made. The expert opinion proved not only that the term 'Soapbox for the Jew!' was not used, it also proved in the positive that 'Soapbox for the Speaker!' could be heard. Along with other data, a graph analyzing this wording attached to the expert opinion supports this fact.

"The expert opinion also responds to the question of what kinds of changes were made in the audio and video recordings presented by the Hungarian Television insofar as this event is concerned. On this basis it may be established that as a result of cuttings in the course of normal program editing the material was asynchronized. This, however, did not change the contents.

"Insofar as the video and audio recording provided to us by KURIR is concerned, it may be established that the relevant part of the audio recording is so bad that it cannot be analyzed or evaluated. The potential to misunderstand and to misinterpret the KURIR tapes is great as a result.

"Aware of the expert opinions, and after listening to the available audio materials and the 'cleansed' audio material I became convinced that at the 18 September session of the National Assembly the words 'Soapbox for the Jew!' were not said, but that 'Soapbox for the Speaker!' were.

"As you are also aware, in the course of various presentations of the relevant video and audio materials opinions varied as to the contents of the statement. I made reference already to potential misunderstanding that may result by listening to the audio material provided by KURIR. The 'filtered audio material' serves as one of the foundations for my finding. The experts indicate, however, that the audio material is not sufficiently perfect to support under any acoustical condition the positive finding I made in regard to the content of the statement. Consequently I do not feel that a public presentation of this material is justified.

"Enclosed please find all the material generated in this regard by the Office of the Supreme Prosecutor.

"I ask you, Mr. President, to accept my findings.

"Based on available data I find no circumstance which could provide reasonable cause to believe that a criminal act was committed.

"Budapest, 12 October 1990

"Respectfully: Dr. Kalman Gyorgyi, Supreme Prosecutor"

SZDSZ Chairman on Party's Shadow Government

91CH0087A Budapest REFORM in Hungarian 12 Oct 90 pp 2-3

[Interview with Alliance of Free Democrats [SZDSZ] Chairman Janos Kis, by Attila Samu; place and date not given: "As Though I Were Interviewing the 59th Prime Minister of the Hungarian Republic; The SZDSZ Shadow Government Is Technically Functioning Already"—first paragraph is REFORM introduction]

[Text] Less than a year ago TV news referred to him as a "vehement Marxist turned Free Democrat," and only a few in the country were aware of his name. But he was all the more "popular" at the political police: Wherever they could they restricted his sphere of movement, they advised him to abandon a scientific career, and forbade his presence in the field of mass information. This is so, even though if anyone, the chairman of the Alliance of Free Democrats [SZDSZ] certainly likes to be free. Janos Kis (age 47) granted an exclusive interview to REFORM concerning the general situation in the country and in regard to the local election results.

[Samu] I will quote from Janos Kis to Janos Kis. In August he had this to say about the pact between the Hungarian Democratic Forum [MDF] and the SZDSZ: "There would be chaos in the country if we had not reached this agreement, and we would not have gotten to the point where we are now." But as of early October it appears that there is chaos in the country.

[Kis] Undoubtedly, there is great political uncertainty in Hungary. But the new system would not have been able to start without an agreement between the two parties in late April. A cabinet could not have been established, or the composition would have been more unfavorable than it is at present. All this did not change my view, of course: The present coalition is unable to master the country's difficult situation.

[Samu] Whom, or which party of the coalition, would you hold most responsible for this?

[Kis] This coalition suffers from several kinds of diseases. It intends to present unity among parties unable to reach a common denominator concerning fundamental issues. Most remarkable is the conflict between the MDF and the Smallholders [FKgP]. But the MDF itself is also a coalition of forces which fit only in part, and the balancing that goes on between these forces also weakens the cabinet's position.

The composition of the cabinet leaves much to be desired. This is so not only because the best people in the apparatus had been frightened and escaped but also because the prime minister chose, and continues to choose, his associates on the basis of past relationships and presumed loyalty to his person rather than on of professional qualifications.

The fact that the leading coalition party made an awful lot of promises during the campaign season significantly

contributed to the present situation. Perhaps they assessed the situation of the country incorrectly. A large part of these promises cannot be fulfilled individually, let alone all at once. On top, they won voter confidence based on false propaganda which held that while the SZDSZ would unleash wild west style capitalism on the Hungarian people, the MDF intends—and is able—to realize some kind of a market economy with a social conscience. The cabinet is captive to this propaganda to this date.

[Samu] Are you suggesting that in the not too distant future the cabinet will have to apologize to the nation?

[Kis] I am not for such moralistic talk. A freely elected government need not apologize if it mismanages the mandate it received from the people. It must leave. The situation is different if it does not make mistakes, but strives for dictatorship.

[Samu] You could not be serious about a possible right wing or an extreme right wing dictatorship in Hungary today!

[Kis] Indeed, no serious forces which plan to introduce a dictatorship are visible. But the uncertainty of the situation serves as a warning so that we do not forget this possibility. If for no other reason, because the economic crisis which appears as unmanageable may cause dissatisfaction of massive proportions, and that provides fertile soil for all kinds of demagogic talk. Equally, one cannot disregard the fact that within the ruling coalition viewed broadly, one may discover elements inclined to incite passions, to create false enemy images.

There is an inclination for authoritarianism in today's ruling coalition, there is an inclination to exclude the opposition from influencing political decisions and this is accomplished by way of systematic negative votes and booing, and there is an inclination to fill public offices by appointing the clients of a single party. Moreover, there appears to be an inclination to try to commit new owners to the ruling party.

[Samu] Could all this be summarized by saying that the coalition parties view the SZDSZ as a bird—perhaps because of the SZDSZ logo? Or could it be that at least they assume that members of the SZDSZ have feathers on their backs? [obscure references]

[Kis] Under no circumstances do I have feathers on my back, and I am convinced that the cabinet would make a big mistake if it regarded the opposition as birds. By doing so it would misinterpret the limits of its power.

It is worth recalling an earlier statement by Jozsef Antall. Immediately before the parliamentary elections the prime minister announced that a large coalition would be needed if a crisis situation existed in Hungary. This statement eminently proves that the MDF is not aware of the fact that an acute economic crisis exists in Hungary. Managing that crisis is inconceivable without objective debate between the cabinet and its opposition, and without the cabinet taking seriously the opposition as a negotiating party.

[Samu] I believe that I must remind you of the fact that in July you stated that "the time for a shadow government has not yet arrived." Did your views change in this regard?

[Kis] A body has been established already within the SZDSZ parliamentary delegation. Within that body there is one "responsible" person for each ministry. In this sense, technically there already functions a shadow government, if you will. The only question is when the moment arrives for us to name the SZDSZ candidate for prime minister. That time has not come yet.

[Samu] But the time has come to discuss the economy in a few words. Particularly because it appears that the World Bank also adopted the SZDSZ point of view. Its vice president responsible for East European affairs recently said that "hardly anything can be gained from prolonging the agony; the most radical opportunities for progress should be sought instead." In earlier days the SZDSZ was accused of, and praised for, radicalism.

[Kis] The MDF cheated the people and itself when it proclaimed that we may be spared measures the SZDSZ regarded as unavoidable. The increasingly strong passions against the cabinet may be traced precisely to this feeling of having been cheated.

Insofar as the similarity between the World Bank and the SZDSZ positions are concerned, such similarity exists in many respects, but I would caution against following in a servile manner the prescriptions given by the World Bank or by the International Monetary Fund [IMF]. It would be a great mistake to increase housing rental fees four or five fold while leaving earnings ratios unchanged.

[Samu] Are you envisioning a possibility that "the calm force" will incite the public mood to the point of a societal explosion?

[Kis] This cannot be ruled out, but let us not forget that observers projected the vision of street movements and of a forceful revolution for almost a decade. This kind of thing however, cannot be predicted; it may occur at any time. It did not occur for ten years, but it would be a big mistake to feel reassured for this reason. The Kadar system did not fail because angry demonstrators tore up cobble stones on streets. Hungarian socialism was overthrown by its own moral erosion, and if this erosion continues as a result of government policies it may even sweep away our young democracy.

[Samu] But even if only in symbolic terms: The university students are picking up the cobble stones already. Quite obviously, the SZDSZ chairman, as the chairman of the party which was named as the party of the intelligentsia, must have an opinion in this respect.

[Kis] The conflict that erupted between the cabinet and the university students is just another example of how

little the coalition is prepared to practice democracy. The cabinet's agitated reception of the student demonstration, the lecturing speech given by the prime minister, served only to alienate those who listened to it. It made clear to the audience that the cabinet is unsuited to conduct dialogue.

The cabinet should urgently learn some lessons from these experiences, because far graver conflicts are ahead. And if the cabinet intends to handle those conflicts in the same manner it will make the building collapse over its head.

[Samu] It is likely that the new storm will erupt around the issue of autonomous governing bodies. Signs indicate that these will become impossible to manage. What will be the legacy of this, in your view?

[Kis] Under the circumstances, the local government law may be regarded as appropriate. The real problem in terms of local government is not legal in character. The problem pertains to the economic situation of local government which was left unclarified. The cabinet did not regard as urgent to frame the related laws which would have decisive significance. And this means that all mayoral candidates took a jump in the dark.

The SZDSZ regards the joint framing of state household, local government management, land and real estate, and taxation laws as decisively important, because these would place the autonomous governing bodies in a truly operational position.

We regard as important that autonomous governing bodies possess an appropriate amount of assets. In this regard we were able to produce certain results already, because at the initiative of the SZDSZ, ownership of downtown real estate was transferred to local governmental bodies. It is conceivable that in the course of privatization autonomous governing bodies will acquire stock, and that they may manage such stock. The possibility that a significant part of revenues flowing from the privatization of enterprises owned by councils will also remain under local control cannot be ruled out either.

At the same time it is obvious that the situation of local governing bodies will be rather difficult, because the situation of the country is also difficult. On top of this, the state's movable and real property is burdened by an incredible volume of debt, and it would be inconceivable for autonomous governing bodies to assume ownership of their share of assets without assuming the proportionate share of the debt burden.

[Samu] There is not much we can say to mayors and governing bodies that is promising. Are you dissatisfied in the same way with the election results?

[Kis] I am not happy about the relatively low voter turnout, but I am pleased with the performance of the SZDSZ. The local elections proved beyond a doubt that Hungarian society is dissatisfied with the cabinet's performance. Although the distribution of seats in the parliament did not change—the elections did not pertain to the National Assembly—a substantial shift in power among the parties did take place. The FKgP shrank to an extent that it became its own shadow; the MDF fell behind significantly; the Hungarian Socialist Party [MSZP] registered a further loss of position. In contrast, the liberal opposition—the SZDSZ and the Association of Young Democrats [FIDESZ] forged ahead. The cabinet may disregard this change, but if it does it will bring great trouble upon itself and upon the country.

[Samu] Finally, a more personal question: Rumors have it that the prime minister frequently calls the SZDSZ chairman over the phone. In general—what relationship do you have with Jozsef Antall?

[Kis] It would not cause big trouble if we frequently talked over the phone, but I regret to say that with the exception of the public exchange of letters during the past few weeks, essentially there does not exist any kind of relationship between the two of us.

Faulty Telephone Connections in Parliament Suggest Bugging

Moscow Link Alleged

91CH0106A Budapest MAGYAR NEMZET in Hungarian 17 Oct 90 p 4

[Article by Lorinc Szendrei: "Is Parliament Bugged?"]

[Text] I found myself in an odd situation in Parliament which makes me ponder. I tried to call the home of Laszlo Rajk from the bank of telephones reserved for representatives and journalists. The ringing stopped after I dialed the number. A clicking sound followed, then the ongoing debate in the chamber could be heard and understood clearly. At first I thought this was a technical mistake. I repeated the call from another booth and the same situation repeated itself. To be certain of what I heard, I handed the receiver to an employee at the telephone bank. He said he did not believe his ears, nor did he give credence to journalists and representatives present. All were shocked by the same phenomenon I experienced.

I talked to Alliance of Free Democrats [SZDSZ] Representative Miklos Haraszti. In earlier years he was frequently humiliated by having his telephone tapped. He mentioned several examples of ways in which a wiretapping system may reveal itself. In general, this kind of disturbance occurs when both the caller and the number called enjoy the attention of someone. Consequently one cannot rule out the possibility that both the telephones in Parliament and in Rajk's home are bugged. This incident cannot serve as proof of wiretapping, of course. Nevertheless, the examples given by Representative Haraszti also reveal that my experience suggests that the wires are tapped.

Following this discussion we made another attempt to call Rajk from the foyer of the office of the National

Assembly executive secretary. In these repeated attempts, SZDSZ Representative Ferenc Koszeg, whom I called in from the corridor, could also hear that when calling Rajk's number the telephone rang, then made the clicking sound and "broadcast" the proceedings in the chamber. At this point someone raised the possibility that the disturbance may be caused by the fact that the line which carries the parliamentary debate is also managed by the Postal Service. But how could that communication become mixed up with the telephone?

This was not the only question I posed to Interior Minister Balazs Horvath. Readers will certainly understand if I do not recite the cussword used by the Interior Minister in his initial outrage. But he did not contradict my suspicion! Moreover, he felt that conceivably wiretapping is indeed going on. Although he did not dare to draw an irrevocable conclusion, he noted that he also noticed several signs which made him think. He found no explanation for the extraordinary speed with which information concerning the faction meeting was spread, for example. And further, he remarked bitterly that he did not feel protected from wire tapping in his own office. But he went even further. He explained that the telephone central station located in the courtyard, visible from the prime minister's wing in the building, is based on Soviet technology. It may be reached through entrance No 17. To this date, the interior minister was unable to determine in any credible manner whether the other end of the line in Moscow is alive. Responding to my question as to why they do not exchange the suspect telephone central station, the Interior Minister spread his arms: We do not have the millions needed to change that station.

I made a last attempt from the Gobelin room. I did not succeed in making a telephone call, nevertheless I acquired yet another experience similar to the previous ones.

Ongoing Investigation

91CH0106B Budapest MAGYAR NEMZET in Hungarian 18 Oct 90 p 4

[Interview with government Chief Counsellor Dr. Andras Galszecsy, by unidentified reporter, place and date not given: "The Wires Do Not Lead to Moscow; We Will Soon Find Out Whether Parliament Is Bugged"]

[Excerpt] [passage omitted] We asked government Chief Counsellor Dr. Andras Galszecsy to express his view regarding these allegations. Galszecsy serves as chief of staff to Minister Without Portfolio Dr. Peter Boross. (The National Security Office reports to Dr. Boross.)

[Galszecsy] Based on similar complaints, early last week the minister without portfolio issued an order to draw up a map of all working telephones in Parliament. This work is to be completed on Friday. This will be followed early next week by the testing of lines. Officials of the National Security Office will be involved in this, and the tests will provide an answer to the allegation.

[MAGYAR NEMZET] I know that you cannot form an official opinion until the tests are complete, but what is your personal opinion, is wiretapping involved?

[Galszecsy] My personal opinion is that these phenomena are caused by overloaded telephone lines, their age, and their condition. Understandably, some people attribute these phenomena to wiretapping, because wiretapping went on in the past.

[MAGYAR NEMZET] Obviously this belief is also related to the fact that people are aware of a working wiretapping central station in Budapest. You should know if this central station is legitimately tapping someone's line.

[Galszecsy] Wiretapping may be ordered only if authorized by the minister of justice, and only if there exists substantial cause to believe that a criminal act has been committed. I am fully aware of my responsibility and I can state that no one's telephone is being tapped from that central station, i.e., neither the telephones in Parliament, nor the telephone of any politician outside the parliament building.

[MAGYAR NEMZET] Finally, is it indeed true that the wires of the Soviet technology telephone central station mentioned by MAGYAR NEMZET lead to Moscow?

[Galszecsy] Such wires may be traced of course, and they lead to that telephone central station. What other listening devices may exist elsewhere is yet another question.

Antall Emulates the Past, Not Western Traditions, Historian Asserts

91CH0104B Budapest HETI VILAGGAZDASAG in Hungarian 1 Sep 90 pp 4-6

[Article by historian Istvan Rev: "From Renewal to Making Things Resurrect"—first paragraph is HETI VILAGGAZDASAG introduction]

[Text] "Every day some good little things will happen," one of the well-known representatives of the largest ruling party promised before the elections. The cabinet that took office on 23 May, introduced several measures in the course of 100 days which were not included in the original government program. The principles which may be deduced from these actions definitely do not point in the direction of a West European liberal democracy, according to the historian/author of this article.

The press is recalcitrant and brandishes its sword. On top it is also disrespectful. Now that the honeymoon between the government and the people is coming to an end, occasional analysts leaf through the guiding principles of the administration's Program for National Renewal [NMP], and hold the administration accountable for its promises.

The standard against which critical analysts measure the administration's accomplishments is the state structure

found in North America and in West Europe—the functioning machinery of democracies. Political scientists—people for whom talk is cheap, for whom nothing is too expensive, and who are not pressed by the responsibility of governance—accuse the cabinet of being slow and of lacking a concept, even though it has been in office only since early summer. They are not inclined to try to comprehend the hard to understand intentions of the cabinet on the basis of actions, they measure actions against words instead. An administration's performance may be measured by standards other than the promises it failed to realize for lack of time, because of the obstinacy of the opposition, or because of the Near East war. Performance can also be measured by viewing Administration accomplishments—things it did not even promise.

One tends to agree with a remark made by Hungarian Democratic Forum [MDF] faction leader Imre Konya as part of the debate over the program's principles. "I don't believe it is appropriate to criticize the action plan by claiming that it is too modest, if we consider that we are dealing with a body in the process of establishing itself, and which does not even have the needed information." Konya's words are to be taken to heart. They reflect Smallholders Party representative Istvan Nagyatadi Szabo's remark of 16 April 1921 to a PESTI HIRLAP journalist just prior to the inauguration of the Bethlen cabinet: "Excessive expectations are not warranted insofar as the cabinet program is concerned. At this time it is impossible to provide a major, multi-year program...."

The NMP was handed to representatives a hundred days ago, 30 hours before debate opened in the parliament. Representatives thus had an opportunity to thoroughly study its guiding principles. It is unfair to accuse the government of being rigid, inflexible or perhaps lazy, because even during these 30 hours the prime minister made many important changes in the studded text of the program.

One cannot hold to account the cabinet for what was left out of the program. According to house rules, the cabinet may be held accountable only for matters spoken in the chamber. Despite this fact, there is some apprehension claiming that the cabinet failed to adequately describe principles concerning the situation in which the country finds itself. This takes place, even though the NMP states that "the economic legacy is heavy: a $21 billion foreign debt...." The chairman of the parliament's Budget Committee used this opportunity to tell the prime minister that dramatizing the country's volume of debt, and arbitrarily adding to it another $1 billion will diminish the country's prospects of receiving loans. The truth is that the prime minister did not say in his program speech that he would add another $1 billion to the country's debt, but even if he said that, a statement like this would not have been far from the truth by now. The NMP states that "by reducing expenditures, the rate of progression by which personal income taxes are assessed will become more moderate.... The goal is the same relative to enterprise taxes. As a result of all this the negative effect of taxes will be reduced during a three to four-year period ... and we will have a state budget which centralizes a smaller part of the national income." This is consistent with MDF election promises, but the program speech did not reiterate this either.

"A fair and thorough implementation of land reform is one of the most important tasks faced by the new cabinet." These words were not uttered by Jozsef Antall, but by Istvan Bethlen in 1921, at the Smallholders Party headquarters. "We must strengthen the community of smallholders, because smallholders constitute the backbone of society," Bethlen used these familiar, straightforward words in the parliament on Tuesday, 19 April 1921. Upon comparing the statements made on 22 May 1990 (also a Tuesday) in the NMP, one may say that during the 30 hours that elapsed between releasing the program and making the speech, the cabinet began its flexible withdrawal from commitments it previously made as part of the coalition agreement. The NMP and the program speech unequivocally stated that "It is our purpose to do justice to the peasantry for the injustices it suffered." "In this regard, the year 1947 may serve as a definite starting point," according to the prime minister's statement in the parliament chamber. (Accordingly, it also "may" be something entirely different, let's say 1944 or 1962, the year collectivization came to a conclusion.) According to the NMP's subsequent paragraph, redistribution of land will take place based on the gold crown value of land taken under joint cultivation, moreover, the gold crown value of land not distributed would be distributed among members of producer cooperatives. Perhaps as a result of editorial considerations, this passage was not included in the program speech. This far from complete list tries to convey the sense that the cabinet did not yield to the temptation of an endless lure; it put in writing only those matters which it knew could not be promised verbally.

Well then, what points were made both verbally and in writing? The NMP and the program speech are in unison when they attest to the fact that "as a first step the administration will stop runaway inflation, and that by the end of the three year period we would have single digit inflation." Consistent with its conservative principles, in this statement the cabinet attested to the fact that it committed itself to the continuity of Hungarian traditions, because the same words were used by Karoly Grosz in his 1987 program speech. Would it amount to a punch below the belt if we drew hasty conclusions based on the growing inflation rate just because there are 265 days left in the first year? The cabinet committed itself to "proclaim an anti-inflationary and enterprise incentive program" during the first 100 days. This would serve as a first step toward the "establishment of the oft cited social market economy." We have yet to see this program, but this does not necessarily mean that the program does not exist. It is possible that the press did not report this event. It could be that in this case we are facing the same phenomenon as the one described in the

following passage concering two points that were included in the program speech.

"The administration is developing a program to manage the untenable proportions of mutual debt among enterprises... it will initiate bankruptcy proceedings against the largest, permanently bankrupt group of enterprises." At a press conference held in West Germany the prime minister floated an idea which may signal the administration's intent to regulate the mutual debt of enterprises. It is possible that somewhere else, on another occasion programs for managing the inflation, providing entrepreneurial incentives, stimulating foreign investments, providing incentives for savings, managing unemployment, and providing means for the placement of workers and information provision to the labor market will be announced. Based on this, shouldn't we exercise caution in criticizing the cabinet?

In his program speech the prime minister also promised to review a few special program areas. Is there a reason to doubt that the cabinet performed these reviews? Only in one instance did the head of the cabinet announce that the greater public will also be informed of the findings produced by reviews. If the reviews were completed, it must have been a big job, because the Vienna-Budapest world exposition, the system of housing management, sales taxes and customs duties, the program for scientific research and development, military reform, and the new national defense doctrine were reviewed.

Applauded by the Right, the prime minister announced that the cabinet "will present to society the authentic story and situation of how money received in the form of foreign loans was spent." According to leaked information the economic policy secretariat of the cabinet is preparing a white paper, but since foreign debt amounts to only $20 billion, those who prepare the white paper must account each day for $200 million in order to finish this not at all mundane task in a hundred days. Accordingly, patience, understanding, and confidence is needed.

The cabinet also presented a legislative proposal to the National Assembly. As we already know: Based on present house rules such writings do not obligate anyone to do anything, nevertheless we will enumerate from among the short term, urgent legislative tasks those for which time ran out, due to the summer vacation taken by the House. The press law, the new environmental protection law, the house rules of the National Assembly, the order in which international agreements are to be consummated, amendments to the legislative law, the public service law and the civil service law, the law governing the police, the national security law. "The most urgent parts of the legislative program must be implemented within two or three months.... From among the economic laws, the law on transformation, the corporate law, and the enterprise law must be reviewed and amended immediately."

Lacking its own daily newspaper, the coalition cabinet and its leading party is defenseless against criticism. "Our political issues are not communicated by our party," Dr. Antall quotes his favorite writer Jozsef Eotvos [1813-71] in a frequently mentioned 17-page essay on the history of the Hungarian press. In this same essay Antall quotes from an Eotvos letter addressed to Miksa Falk: "Each day I feel the increasing need for a newspaper, one that depends solely on me." The cabinet says that its words will be intentionally distorted, and its actions will not be understood until this wish is fulfilled.

"The administration's outlook is Christian, national, and democratic." "The outlook represented by the administration is clearly liberal, Christian Democratic, with a national commitment." The former statement was made by Istvan Bethlen on 18 April 1921, in the days before he took office, the latter by Jozsef Antall on the 100th day after he took office. The similarity is no coincidence. By taking a look at the cabinet's actions it becomes clear that anyone who views these in the West European context missed the point. The explanations must not be sought in the West, they must be found elsewhere.

Religious education became the central purpose of educational policy. The cabinet committed itself to introduce a national curriculum. It sparked debate in favor of making control over abortion more stringent. It restored the coat of arms with the crown. In the parliament, coalition representatives brought up the issue of restoring the institutions of the [pre-1945] Levente youth movement and of the gendarmerie. The cabinet succeeded in preventing a Swedish liberal daily newspaper from acquiring partial control over MAGYAR NEMZET. It introduced a moratorium on such sales, and made several promises to the effect that it will honor the commitment made by the previous government to return real property owned by the churches. In the legislative proposal concerning autonomous local governing bodies the coalition parties made an attempt to revive the institutions of the old county, and of the old county executive systems. They restored the army's old uniform and the old parade march, and took time to deal with the exhibit and public information policies of the Military History Museum. This list is far from complete, nevertheless it is noteworthy. After taking a glance at this list one must be shortsighted in order to claim that the cabinet has no guiding concept.

"A conservative person feels good in his state of existence, in the world, as well as in the framework of history. Conservatives derive everything from the past, and tradition serves as the basis for everything. Thus history becomes the treasure house of values, of the world manifested in all his thoughts." This is what MAGYAR FORUM had to say in its last issue before shutting down. That paper was close to the cabinet's spirit, and the title of the article was "Reclaiming our History."

"Following the 1526 disaster in Mohacs, when this nation felt a need to form alliances with others for its

own defense, it chose the German nation, not the Polish, even though stronger ties link us to the Polish people," Dr. Antall quotes from the above mentioned historical work by Eotvos. The eminent role played by orientation toward Germany, the presentation of our foreign policy vis-a-vis the neighboring countries as a matter of domestic policy obviously rests on historical precedents. Not only St. Stephan's admonitions, but also the intellectuality of the 1867 Compromise era's centrists, and Bethlen's policies serve as patterns for the cabinet's eclectic ideology.

The merger and centralization of publishing enterprises, the delegation of privatization to the State Property Agency, the placement of the State Property Agency under the cabinet, the designation of the delegate of the state to enterprise councils as the founder of the enterprise, the consideration of partisan, ideological aspects in making professional appointments, the delegation of cabinet decisions to committees, recall the late Kadar era. All this amounts not only to renewal, but to real resurrection, it is an actual rebirth of the nation.

Kalman Keri's statement concerning a just war was not self-justification by an old soldier. A few days later, on 18 August the most level-headed historian member of the cabinet dedicated a World War II monument. In his speech he mentioned soldiers who died in defense of Hungary. As long as the Hungarian army waged a "just" war against the Soviet Union during World War II, the politicians, generals, officers, the unfortunate fallen soldiers, and the labor brigades dragged to the front were not only without fault, they were also resisters. And thus, all those who subsequently accommodated, cooperated with, and built socialism must not be accused: They once already placed their lives at risk against the system. The revision of Hungary's participation in the war also reinterprets policies that lead to the war. All these policies did not amount to self-serving purposes. In the administration's view, the past 40 years were not part of Hungarian history, they amounted to a disaster forced upon us from the outside. The intertwining of the era before the war with the present excludes postwar history, it enables the avoidance of the hard-to-perform task of confronting that part of history, and relieves of their responsibility those who served national renewal during the postwar decades quietly or while holding positions.

The leading party of the administration is not homogeneous. Thus far the MDF's plebeian and extreme radical groups were denied government posts, their representatives are seated in the party's presidium. The prime minister represents the more refined pre-1945 gentlemen's Hungary. With a good feel for politics, he uses rightwing radical followers of the party as an auxiliary force. These people are suitable to state all that cannot be told officially, or by more sensitive persons. This assignment of roles has an important function: It serves as a warning to those who feel that there is too much rightwing conservatism in administration policies. Reading between lines, knowledge gained during the past years is not lost. It is understandable that as an alternative to reaching back to Bethlen it would be possible to use also the subsequent past of the 1930's and the 1940's as a resource.

In evaluating the administration's performance, the basis for comparison must not be sought in the West. It must be sought somewhere else, in a backward direction. Historian Gyula Szekfu, who analyzed the situation after Trianon would perhaps regard the administration's ideology as reform conservatism. In recognizing the spread of New Authoritarianism, the eminent role played by family and client relations and by schoolmates, and the emphasis on formalities, the late Szekfu could feel that he was witnessing a neobaroque resurrection.

But the new historical approach is not anachronistic. It has nothing to be ashamed of: The governing lead principle which ties St. Stephan's admonitions to Kadar's policies of the 1980's will withstand the test of time, even though it differs from the political ideology that prevails in the West. Moreover, this kind of thought may be regarded as the truly modern approach. The new historical approach liberates man from the constraints established by history, thereafter one is free to tie and untie the strings of history according to the direction from where the wind blows. This eclectic approach is rooted in the past. It prompted Szekfu to quote literary scientist Janos Horvath: "the eternal presence of the past which always follows and ceaselessly spreads in the footsteps of the future." This is none other than the populist-nationalist ghost of postmodernism, risen from the grave. The past and the present are not far from each other.

Alien Control Action Initiated

91CH0104D Budapest TALLOZO in Hungarian No 42, 19 Oct 90 p 1975

[Interview with Interior Minister Dr. Balazs Horvath, by Imre M. Szabo; place and date not given: "Aliens Being Watched; Continuous Control, Deportation If Necessary"—first two paragraphs are REGGELI PESTI HIRLAP introduction; reprinted from REGGELI PESTI HIRLAP, 9 October 1990, page not given]

[Text] Each day we feel worse and worse because of the bad public safety situation, but now the police and the border guards have received a new assignment. The capacity of the two organizations is taxed to the maximum level already, nevertheless the national chief of police issued order No. 33/1990 based on joint plans prepared by the acting commander of the border guards and the national chief of police. Increased control will be exercised over foreign citizens in Hungary as a result.

REGGELI PESTI HIRLAP asked questions from Interior Minister Dr. Balazs Horvath in this regard.

[Horvath] We were prompted to take this action by the impossible situation that exists in downtown Budapest, and in the border regions of Hungary. We reached the

point where the situation is aggravated by a wave of people smuggling across the border. The effects of the action can be felt already; criminal proceedings are in progress against several individuals. The Foreign Ministry informed the foreign ambassadors affected by these measures, as well as the Hungarian ambassadors and consuls in the affected countries. I would like to underscore the fact that in implementing these measures we are observing to the fullest extent all international agreements and human rights. These actions are based on the Geneva Convention.

We are providing assembly and receiving stations, persons arrested may stay at these stations under human conditions on a temporary basis, until their departure.

[Szabo] What results did these measures produce as of tonight?

[Horvath] Implementation began at 600 hours. During the Monday morning hours, 209 persons were apprehended. From among these, 25 had their permits to stay in Hungary revoked by the regulatory division, three were deported, seven were taken into custody for subsequent deportation, and six were released after clarifying their status. As of this moment, 168 more foreign citizens must be processed. In Budapest the Budapest police command presented 96 foreign citizens. They are being investigated at the moment. No atrocities took place.

[Szabo] Some accuse the Interior Ministry by saying that this action amounts to none other than a campaign trick.

[Horvath] It is not a campaign trick. The orders were prepared at the request of the Interior Ministry.

[Szabo] Should you not have checked in advance of this action with the parliamentary committee having jurisdiction?

[Horvath] I hardly believe so. This is a typical job for the government to perform; the parliament does not take responsibility for the decision: the cabinet does. The parliamentary committee could make such decisions if it accepted responsibility for such action....

[Szabo] How many people will be affected by this action?

[Horvath] Between 50,000 and 100,000 foreign citizens, according to estimates. There is no political motive of any kind behind this matter, we are pursuing this solely in the interest of establishing public safety. This action also serves to prevent the entry of organized international criminals into Hungary.

[Szabo] Will peaceful passersby also feel the effects of this control action?

[Horvath] I am certain that they will not, unless you mean to say that they will feel the favorable effects of this action. These measures are implemented in the most humane manner by both the police and the border guards. This presents a rather large workload for regulatory officials, and I trust that they will be able to handle the increased burden expected as a result of the continuous control action.

Former Secret Service Intimidates Vegvari of Duna-Gate Fame

Trial Begins

91CH0105A Budapest MAGYAR HIRLAP in Hungarian 19 Oct 90 pp 1, 3

[Article by Katalin Ujhegyi: "Only Vegvari Is Presented in Court"]

[Text] The trial of Major Jozsef Vegvari began yesterday [Thursday, 18 October] before the Military Tribunal of Budapest. He is credited with exploding the bomb shell last January which turned into the Duna-Gate scandal, revealing then unconstitutional secret service activities.

Jozsef Vegvari's testimony was heard at yesterday's hearing. It began in the morning and ended in the afternoon. The court's primary aim was to find out what motivated Vegvari, how he went about committing these acts, and with whom he cooperated.

Several times during his testimony Vegvari suggested that because of an incident that morning he experienced a very bad nervous condition and that he was scared. But since the judge did not inquire about the cause of Vegvari's fear, light was shed on this matter only after passionate questioning by Vegvari's lawyer in the afternoon. According to this testimony, in the evening prior to the court hearing, upon leaving his lawyer's office Vegvari noticed that his car was being followed. He managed to lose the pursuing car as a result of speeding, but on the following day, that is, on the morning of the hearing, two men stood in front of the entrance to his home. A former colleague of Vegvari's from the Ministry of the Interior stepped up to him and asked: "Are you still alive?" Vegvari appeared very nervous throughout the hearing.

In the course of the hearing the judge asked why Vegvari did not try to reveal in some other, legitimate way the illegalities he observed, i.e., the fact that even after 23 October the secret surveillance of certain organizations and persons—still in the opposition at the time—continued. Vegvari responded by saying that at the time he felt that there was no way to reveal this matter other than making the information public. In addition, according to Vegvari's statement, publicity was needed because this was the best way in which his personal security could be guaranteed. Actually, Vegvari's 19 January appearance in public was also justified by the fact that between 5 January, when the scandal started, and 19 January Vegvari increasingly felt that his identity would be revealed, and that he would then be killed. This statement was corroborated later by the testimony of Zoltan Lovas. This is why Lovas, jointly with Vegvari

prepared the film shown in those days by the NAPZARTA television program.

Asked by the military prosecutor whether Vegvari noticed unconstitutional actions other than the surveillance of members of the opposition, Vegvari said that he paid a visit during the night of 24 December to Hungarian Democratic Forum [MDF] Representative Gabor Roszik, because by then the documents of the III/III division were being destroyed at full speed. He felt that the free elections scheduled for spring, and thereby the changing of the system, would be endangered if all this was not revealed.

The three witnesses summoned to testify in the afternoon were asked by the judge about the reasons why they agreed to pursue this matter, and why they did not seek some other legitimate solution.

Roszik was first to testify: He did not even think of a possibility to discuss this matter with the Supreme Prosecutor or in the parliament. He was also aware of the fact that Vegvari's life might be endangered. Under such circumstances publicity provided the greatest legal security [as published]. Finally, Roszik said that their actions were not legal, but what they did was appropriate.

Alliance of Free Democrats [SZDSZ] representative Ferenc Koszeg provided a similar response to this question. In recalling those days, Koszeg still feels that there was no other way in which this matter could be uncovered, he stressed. This is even more so because those who had decisionmaking authority in those days were interested in covering up the facts. Asked by the judge whether he was aware of the state secret classification of documents he received from Vegvari, Koszeg explained that in the legal order of those days the judgment of the Interior Ministry leadership was decisive insofar as such classifications were concerned. Koszeg personally would not classify the documents he saw as state secrets, unless the subjects of discussions at open meetings held by the parties turned out to constitute threats to the interests of Hungary.

Lovas testified at the end of the hearing. His testimony was particularly interesting because Lovas, together with a cameraman recorded the documents, and was the only person to maintain contact with Vegvari until he went public.

Lovas vividly described the events of 25 December at the Interior Ministry. They obviously involved dangerous elements.

Responding to the question also asked of the other witnesses: why he became involved in the case, Lovas explained that they were dealing with an obvious violation of the constitution which had to be made public in order to permit clean elections in the spring. He saw no other alternative in the then existing power vacuum, Lovas said.

After hearing these witnesses the judge adjourned the hearing until [Friday] 19 October.

Vegvari Vanishes, Trial Adjourned

91CH0105B Budapest MAGYAR HIRLAP in Hungarian 20 Oct 90 pp 1, 3

[Article by Katalin Ujhegyi, Karoly Lencses, and Zoltan Lovas: "Sad Sensational News: The Lead Actor of Duna-Gate Disappears Without Trace"]

[Excerpt] The criminal proceeding before the military tribunal initiated by the supreme prosecutor against Jozsef Vegvari continued on Friday [19 Oct] with a sad sensation. In our series of reports we first reveal the disappearance of the major, followed by a statement of the Budapest deputy police chief as to what can and what cannot be done about the disappearance of a person like Vegvari. Finally, we present some facts, the information the family has, how much is known about the disappearance.

On Friday [19 Oct] the Budapest Military Court postponed for an indefinite period the trial that began on Thursday [18 Oct]. This action was prompted by the fact that retired Major Jozsef Vegvari, summoned to appear Friday morning at 900 hours in court, failed to appear. The court ordered a one-hour recess, but the defendant failed to appear even during this grace period. On the other hand, Major Vegvari's daughter Erika appeared. She told the court that the whereabouts of her father were unknown since Thursday evening, i.e., the day the trial began. She also told the court that her father was in an extremely troubled frame of mind when he arrived home after the hearing, and that he remained at home all by himself after the family left. Upon her return home at half past nine in the evening Erika Vegvari found that her father was not at home.

As a result of all these events, in response to a joint motion by the prosecutor and the attorney, the court adjourned sine die. The court order provides for the police to take action and to locate the defendant. The next trial date will be announced subject to the outcome of the search.

* * *

We asked Deputy Chief of Police in charge of public order Dr. Janos Balogh to tell us about the responsibilities of the police if a defendant fails to appear in court.

When a defendant fails to appear, the court adjourns sine die, then schedules another trial date and summons all parties involved. No legal consequences enure if a person fails to present himself because of illness or some other just cause. But if a person fails to respond to several summonses, the court orders to apprehend such person.

Such court orders are given to the various district police headquarters for implemenentation. From a practical standpoint this means that a police patrol will find the suspect at his place of residence, and if he is found, the

patrol will present him in court. In general, after several failed attempts courts request the police to issue a bulletin for the capture of the defendant.

In this specific case the police is unable to do anything about Vegvari's absence. His disappearance must be reported by his family, only thereafter could official steps be taken, primarily on grounds of finding a missing person. The requirement for apprehension could be established only by the court, but this was not established in Vegvari's case.

Conceivably, Vegvari is staying at an unknown place because of the threats he received earlier. If he is indeed threatened and seeks help from the authorities, the authorities will provide for police protection, as they have done so in a number of cases involving others. [passage omitted]

Vegvari Hospitalized

91CH0105C Budapest NEPSZABADSAG in Hungarian 21 Oct 90 p 11

[Interviews with Mrs. Jozsef Vegvari and Jozsef Vegvari, by unidentified reporter at Ujpest Hospital, Budapest, date not given: "Where Was Jozsef Vegvari? The Retired Major Felt in Danger"]

[Text] Retired police Major Jozsef Vegvari did not appear at his criminal trial on Friday. He disappeared Thursday [18 Oct] evening. NEPSZABADSAG reported the mysterious case yesterday. It seems that the case has come to an end; the man who started the Duna-Gate scandal returned home Friday [19 Oct] evening unharmed.

"My husband went to bed Thursday evening around seven o'clock, while I went to babysit my sister's two children. My daughter arrived home at ten o'clock, saw my husband's bed prepared for the night, but my husband was not at home," Mrs. Jozsef Vegvari said regarding the story of her husband's disappearance.

"He came home at about 2300 hours on Friday [19 Oct]. He was incoherent and had no idea where he was and what he did during his disappearance. He said he would go to bed early because his trial was to continue in the morning, and that he should rest before going to court," Vegvari's concerned wife said.

We learned that Vegvari appeared at the outpatient clinic of the Ujpest Hospital on Saturday [20 Oct] at 900 hours seeking medical care. Dr. Gyula Csaszar, head of the No. 2 rehabilitation department recommended that Vegvari get rest immediately. Ever since that time Vegvari has been hospitalized in that department. He is in relatively good physical condition, but he is mentally tired, he requires care for the next few days. Most likely his condition may be attributed to the effect of sedatives. According to Dr. Csaszar he should certainly spend the holidays in the hospital.

Later yesterday afternoon our reporter succeeded in getting in touch with Major Vegvari in the hospital and prepared a brief interview with him.

[MAGYAR HIRLAP] Mr. Vegvari, could you tell us the story of your "disappearance"?

[Vegvari] Already at the trial I noticed the presence of a bald man. He conducted himself rather suspiciously. I returned home after the trial and took the prescribed sedatives. I wanted to go to sleep. Then the doorbell rang. I was still able to see the "bald" man at the door. I quickly put on my overalls and my leather coat, I wanted to follow him to find out who he was. I was able to follow him all the way to the Rakospalota-Ujpest railroad station, but there I lost him. The sedatives began to work, thus I spent the night in a railroad car.

[MAGYAR HIRLAP] What is your view of a statement in another newspaper which indicates that this is not the way you spent that night?

[Vegvari] That's absurd, let them prove the contrary if they can.

[MAGYAR HIRLAP] Are you afraid of something?

[Vegvari] Recently I received many dirty letters. They threatened not only me, but also my family. Moreover, during the trial, a little potentate from the Interior Ministry asked me whether I was still alive.

[MAGYAR HIRLAP] Who is this man?

[Vegvari] I cannot reveal his real name, I am bound to keep secrets, but my lawyer knows his name.

[MAGYAR HIRLAP] Will you be able to present yourself on the next trial day?

[Vegvari] That depends on the doctors. I would like to take part by all means, it is my goal that people understand what I did was needed, and that this matter cannot be settled merely by saying that my actions amounted to the violation of my obligations while on duty. In my view, my actions helped enable an uncomplicated transition in Hungary.

Why Only the Major?

91CH0105D Budapest MAGYAR HIRLAP in Hungarian 19 Oct 90 pp 1, 3

[Editorial by l.z.s.]

[Text] Why was Major Vegvari selected, and why was only Major Vegvari chosen to be presented in court? Is this the most urgent case, is this the most suitable case for legal authorities in the new Hungarian Republic to demonstrate constitutional statehood? But even if this were the case, why did they pick only Major Vegvari? One could, after all, convict a great number of people for violating state secrets, or for being accomplices as a result of being aware of violations of state secrets. In order to be consistent, one should expect the supreme

prosecutor to initiate a series of cases, including cases against quite a few National Assembly representatives. Provided that their immunity is suspended, that is. On this basis Gabor Roszik and Denes Csengey of the MDF [Democratic Forum] should face judges, and similarly Gabor Fodor, Victor Orban, Jozsef Szajer, and Zoltan Rockenbauer of FIDESZ [Association of Young Democrats] and Ferenc Koszeg, Laszlo Rajk, Miklos Haraszti, and Janos Kis of the SZDSZ [Association of Free Democrats]. True, the latter person serves only as the chairman of one of the most significant Hungarian political parties, but at least he does not enjoy immunity! And where are the cameramen, the technicians, and many others who helped Major Vegvari? All these people violated the letter of the then prevailing law. And they also violated a certain spirit....

While Major Vegvari's show trial began—or let's call it a tragic judicial comedy—many people who should really be tried are not taken to court. They should be put on trial on the basis of a different spirit, and also on the basis of the letter and the spirit of the law. What will be the fate of former leading politicians, government officials who were aware of the illegal secret service activities, who received daily spy reports about today's political elite? How come the legal conscience of the supreme prosecutor fails to urge him to clarify the facts in regard to these people? Obviously, the supreme prosecutor must initiate proceedings against anyone who violates the law. But then why is it that precisely Major Vegvari is put on trial? Perhaps because he is most defenseless? Or perhaps because all this amounts to a prelude to "Justitia"?

POLAND

Apprehension or Optimism: Intellectuals Divided on Germany

91EP0054A Vienna PROFIL in German 1 Oct 90 p 97

[Article by Jerry Gorski, Warsaw: "(No) Fear of Germany: Poland's Intellectuals Are Divided in Their View of the New, Big Neighbor"]

[Text] Former dissident Adam Michnik, now deputy and editor in chief of Poland's largest daily, the GAZETA WYBORCZA, says while hurrying from one session to the next, "I do not share the fear many Poles have of the Germans. To me, German reunification looks like an opportunity for Europe, because the German state is part of the European security system and strenghtens the democratic tendencies on this continent."

Marek Edelman, cardiologist and the only surviving leader of the 1943 Warsaw ghetto uprising, who might have special reasons for suspicion of the Germans, is also optimistic, "I see no danger for now or the immediate future. If Germany turns out like the FRG, there is absolutely no reason to be fearful. However, there are a number of reasons to believe that the united Germany will be different. The 17 million Germans in the GDR, who make up more than one-fifth of the population, have been brought up in a very different way. It is well known what kind of chauvinist propaganda they were fed there."

The author and senator, Andrzej Szczypiorski, known for his book, *The Beautiful Mrs. Seidenman,* also emphasizes the pronounced anti-Polish and antisemitic tendencies of the GDR population, "In Europe there is much talk about Polish antisemitism. But little is said about antisemitism in the GDR because it is somehow embarrassing to blame the Germans for it now."

Adam Michnik is expands on this idea, "The Germans in the GDR have not experienced denazification, they never felt guilty for the Hitler crimes. And they are now facing severe frustrations in connection with the economic process."

Economic problems are also playing an important role in Polish-German relations. "We must reach the European economic level very fast," Marek Edelman notes, "if we were equal partners, all fear of Germany would disappear."

Otherwise, Germany could easily transform Poland into a "semicolony for semifinished goods," fears Leszek Moczulski, leader of the right-wing opposition party KPN (Confederation for an Independent Poland). "German capital is not going to invest in the Polish electronics industry, but in steel plants, not in the clean and most profitable industries, but in dirty, harmful, energy- and resource-wasting economic sectors. And in industries the Germans do not want on their own soil. In a few years, Germany will be in dire need of guestworkers: why should they get Yugoslavs or Turks, when the Poles are so close by? The Poles could become a nation of guestworkers while their country is being destroyed," just so the Germans may once again "catch trout in the Rhine."

Andrzej Szczypiorski, on the other hand, stresses that, for Poland, the border with Germany "will again be the border to the West, with the EC and NATO. I am wondering whether the Polish people, the Polish economy and, conceivably, the Polish state could win a better ticket in the lottery."

Polish nationalist Moczulski does not think his country could expect any assistance and technological equipment from the Western countries, because they "do not want any competition; it is different with the Far East."

Polish opinion on the Poland's German minority issue is not quite so divided. "We have to find a way of living together," Mark Edelman says, "there are conflicts because the minority does not have all of the rights it should have."

"There should be no restrictions on cultural and social activities," states Leszek Moczulski. However, "financing of Polish citizens from abroad should be subject to strict limitations." Still, the Germans "are so busy with

themselves that they are not going to focus much attention on this minority issue."

Andrzej Szczyporski sees little danger for expanded German nationalism because, he believes, German society is "very Americanized." "In the United States, the feeling of being one nation is not as strong as the solidarity with a social system. After World War II, this concept of life and of the world also triumphed in the FRG."

Adam Michnik's picture of the Germans is not nearly so clear. To him, the present American presence in Europe is no doubt "more necessary than ever before. The victory of isolationism in U.S. politics will clear the way for European chauvinism and xenophobia."

Marek Edelman, who does not see any German threat to Europe, adds pensively, "In history, not everything is predictable just as it is not predictable how somebody who has come to power will turn out."

YUGOSLAVIA

Croatian Peasants' Party Leader Calls for More Democracy

91BA0080B Zagreb DANAS in Serbo-Croatian 30 Oct 90 pp 16-17

[Article by Zeljko Kruselj: "A Rebel for All Seasons"]

[Text] Croatia is undoubtedly a unique phenomenon in multiparty democracy. There are two parallel authorities in it, one for Croats and the other for Serbs, or at least for the majority of both sides. That should not even arouse particular surprise, especially if it is viewed in the context of the never resolved national question in the turbulent Balkans. Many more misgivings are aroused by the fact that not even 30 or so active political parties are enough for the Croatian Democratic Community [HDZ] to obtain a real opposition. The Serbian Democratic Party does not give the ruling party that kind of headache, since its main goal is to copy Tudjman's party as faithfully as possible in its own "lebensraum." The present parliamentary opposition has not had any real results either. The reformed Communists cannot understand how they should conduct themselves in the parliamentary arena, and especially outside it, undoubtedly because some of their leaders are still counting on a redistribution of the armchairs when the government is inevitably reconstructed. The Croatian Democratic Party, however, is demonstrating its "sisterhood" with the HDZ by stealing its membership and giving assurances that it is the only one that can provide the "most Croatian program for the transformation of Croatia." The rest are showing their heads here and there; they say through protests or paid advertisements that the future surely belongs to them, and then they wait for weeks for another new chance for self-affirmation. All of this is even in a situation in which the option of a civil war has not even been removed from the agenda.

Ivan Zvonimir Cicak, better known as the "rebel for all seasons," can do what the largest political parties cannot. He is also, admittedly, the head of a party, with one of the most glorious names in Croatian parliamentary history, but any inquiry among the public would demonstrate that Cicak is better known than the current program orientations of the Croatian Peasants' Party [HSS]. One could even assert that he even revived the former party of Radic and Macek in order to emerge as the leader of a democratized Croatia, an endeavor in which he mostly did not even meet with sympathy from his own political collaborators. In the so-called heroic phase of the development of the Croatian multiparty system, when numerous political parties emerged and disintegrated "in nonpublic places," it was not by chance ("God preserve us") that Tudjman, the Veselica brothers, or Goldstein did not even want to have him in their political party, or vice versa. On one hand, they considered him a "Romanesque figure," too frivolous for restoring the dignity of a "sullied Croatia," but, on the other hand, they also considered him a great destroyer, and even a real "loose cannon." Cicak did not remain indebted to them, lumping them together as "power-hungry people" for whom Croatia was a means and not the final goal, and naturally, a shrine.

Ivan Zvonimir Cicak's only adequate response could be his own political party, in which he would not be hindered by "relics" from what at that time was the Croatian opposition. That was how the idea was born of a party that really had never been banned by law, and which also evoked the nostalgic recollections "of every real Croat." That was not all. In fact, through a change in certain legal documents, especially those associated with the denationalization of the property of the prewar parties, Radic's successors would also gain considerable property under the new conditions, thus facilitating their political agitation. That is why Cicak's story about how he was only interested in a return to tried and true values could only satisfy those who associated his political rise with an attempt to spoil things for Tudjman and the other "serious ones." Even if Cicak was able to avoid members of the Croatian Spring and other "bourgeois Croats" in the renewed Croatian Peasants' Party, however, he could not get rid of the contemporaries of Radic and Macek. At first he thus had to share power with the gerontological group around Nikola Novakovic, an unavoidable link with the emigre leadership of that party. The obvious lack of harmony in interests and goals in a party conceived in that manner simply had to give rise to conflicts and divisions. Although postelection judicial arbitration declared Cicak's faction to be legitimate, it is not clear even today how many Croatian Peasants' Parties there really are, to whom they are loyal, what their programs are, and how many members they even have.

Cicak is actually not even too concerned about that problem. He is not bothered by what the Vinkovci, Istra, and Lika branches think of him, especially because the elections taught him that ideas are what wins—

exclusively populist ones—while the unwieldy membership rarely creates any serious problems. The "only real" Croatian Peasants' Party is thus a collection of Ivan Zvonimir Cicak and the "seven dwarves," as we could call his radically younger colleagues at the heart of the party, who are mostly unknown to the public. Cicak's energy is currently substituting not only for that party's operational power, but also for the Croatian opposition as a whole. The logic of a political "one-man band" is more acceptable to him than, as he would put it, the formula of the ruling Croatian Democratic Community, expressed in the phrase concerning Tudjman, whom Cicak appreciates while disagreeing with him on virtually everything, and the "forty thieves," as he views the team of "communist converts" who are "settled on Croatia's spine more strongly than ever."

Cicak is, of course, most concerned about Tudjman's charisma, and he does not have any love at all in this regard for his former ally in the Croatian Demcratic Bloc. The easiest way to become the "caliph instead of the caliph" is very simple for Cicak: It is necessary to throw Tudjman "into the junkroom" and climb over him to the political leadership. If he succeeds, he will not have to think about membership, voters, and money, since in Croatia, according to the good old Balkan traditions, everything belongs to the victor, while the one defeated is more than satisfied with having kept his head, even if it has been shorn. Furthermore, Cicak is convinced from his own personal example that even the category of victor is a very relative one.

If "Dudek's cow on which HDZ was written" was enough to beat anyone, however, then, in Cicak's opinion, his imminent fame will also be enough for any "dwarf" with the "HSS" label to beat Tudjman's favorites.

That is a sufficiently attractive reason for Cicak to fire with all barrels at the five months of HDZ rule. His point of departure is always the thesis, acceptable to the public at large, that "we do not need Croatia at any cost, especially if the cost is that it will be totalitarian." On the contrary, Cicak emphasizes, "we need a Croatia in which we will not be Croats by occupation or political orientation." The leader of the Croatian Peasants' Party does not see any chance for this second Croatia, one more suitable for true democracy, as long as the authoritarian HDZ is in power. He attributes the responsibility for the "catastrophic situation in which Croatia found itself after the elections," in its results "even below the communist level of rule," to the intention of President Franjo Tudjman of taking "himself as the criterion for Croatia," instead of the other way around, as a result of which he is being established as "the standard for the new leader in Croatia." The extent to which Cicak is cynical about this can be seen from his assertion that in a multiparty and democratized Croatia, an attempt was being made to revive "the mentality of a mountain peasant from the time of Franjo Tahi," when the population "complained about the nobility, but said that the king was good." Cicak, in other words, is persistently stressing that every president is personally responsible for the selection of his colleagues, but also for the functioning of the state authority as a whole. He is also led to this by the practice during the operation of Tito's regime, when all blunders were laconically answered by, "He did not know about it."

What, then, does Cicak think about the performance of Tudjman's colleagues in the most responsible positions? He often says of his former comrades in prison that during the election campaign, the Croatian Democratic Community had its mouth full of the Drina, but now cannot even "defend the Zrmanja." Of course, the reason is that the same "professional Croats" first of all camouflaged themselves as "hawks," but then dressed up as "chickens," so that it would then actually be shown that they were "stuffed parrots," infallible only in doing everything for their own benefit. If such a dissection of the personnel of the ruling apparatus had been uttered by the head of any other party, with the exception of the leaders of the Serbian Democratic Party, Croatia would have been shaken by a great scandal. In this case, people automatically wave their hands as if at Cicak's babbling.

A portrait: A psychiatric interpretation of Cicak's theses puts the ruling party into a slightly "strange" situation, since while the Assembly officials from Zagreb impotently observed the real armed uprising in the Knin area and southern Lika, shrugging their shoulders at the complete blockade of highway traffic and the dynamiting of the railways, Ivan Zvonimir Cicak went on a "goodwill mission" at his own initiative. If he thus surprised the Croatian leadership, and the party leaders, in Knin his "Serbovore" appearance caused complete confusion. The surprise was particularly great when, in a public forum, he began to assure the Serbs present of the complete justification for Croatian independence. "I will probably not talk," as he retold later, "about a Croatian state in Zagreb. That is easy. It is necessary to talk about that in Knin, and to explain to them why I consider that state economically responsible to the Serbs in Knin as well. The most important thing is to destroy the political complex about Croatia as something that will threaten Serbs... I said in Knin that I was for a Croatian state, and against any Yugoslavia. That was a shock to them, and they looked at me in disbelief. They did not believe that someone could come among them and advocate something like that. I asked them why they were looking at me strangely, since if they were against Croatia, why couldn't I have the opposite position?"

With that tour of Serbian opstinas and that long retold persuasion at the public gathering of Baljkovac and Raskovic, Cicak destroyed many prejudices about himself which had followed him ever since 1971 when he was briefly prominent as a student vice chancellor, one of the most extreme leaders of the Croatian rebellion, who was frequently associated with the trend toward the clericalization of the Catholic Church. He talked about the

Serbian problem in almost the same way as he does today, but at that time it brought him three times as much imprisonment. The essential thing, admittedly, is that he has changed his methods of achieving it. Instead of directing his frustration and anger against Serbs because he is also becoming part of national folklore in postelection Croatia, Cicak, as he says himself, has transposed them into "Radic peacemaking." Fortunately, this happened at the end of August, at an eventful political gathering in Listic, when volunteers were gathering there who would "settle things in Knin themselves." Coolly met at first, Cicak, with exceptional rhetorical skill, managed to calm the aroused Hercegovinians, assuring them that really "love, and not hatred, is our law and our weapon." If he saved even a drop of someone's blood then, he did much more than those who say that "one can only talk with the Serbs in the Petrinja prison."

HUNGARY

Soviet Barracks: Cleanup by U.S. Firm, Funding in Doubt

U.S. Official Responds

91CH0117A Budapest NEPSZABADSAG in Hungarian 11 Oct 90 p 1

[Article by NEPSZABADSAG Washington correspondent Peter Sereny: "Washington Will Not Fund Martech To Clean Up Soviet Barracks in Hungary"—first paragraph is NEPSZABADSAG introduction]

[Text] Will there be money to clean up the barracks of departing Soviet troops, a work begun already by the Martech firm? Could it be that this large American firm measured up the terrain in vain, and that there will be no money to pay for their work? This question arose because at the time Martech appeared in Budapest, the head of the firm signed a statement of intent with the Environmental Protection Minister. Official announcements regarded U.S. Congressional approval of funding the decontamination project as guaranteed, with no financial burden to be incurred by Hungary. At this time, our Washington reporter indicates that no such funds will be available.

"At the very beginning already we made it clear to the Martech firm that we will not use state funds to finance their program of cleaning barracks in Hungary," Robert Barry, special assistant to First Deputy Secretary of State Lawrence Eagleburger told NEPSZABADSAG. Eagleburger provides interagency coordination of U.S. assistance programs for East Europe.

As the high-ranking government official explained, they never made a promise to Martech to finance this work even in the future. The basic principle which guides the U.S. Government is that open competitive bidding should be required among various firms, which then may yield the best and most economical solutions. Even aside from that, the U.S. Government feels that providing technical assistance to the development of local preparedness and conditions is more important than the direct financing of this and similar programs.

Asked if it is correctly understood that there is no, and there will be no money to fund this program of the Martech firm in Hungary, Barry said that this was a proper interpretation of his words.

This then means that the outcome of the matter has nothing to do with the fact that Congress will approve the Central-East European assistance part of the budget only a week or two from now. Approval of the annual budget should take place in theory by 1 October, but it was delayed as a result of disagreements. Barry, who also serves as the foreign aid expert for the Congressional committee having jurisdiction in this regard, told NEPSZABADSAG that insofar as environmental assistance funds are concerned the budget law contains only an overall figure for the entire region, and that the law delegates authority to make a country-by-country distribution of the overall amount to the executive branch.

Washington Ambassador Peter Zwack said that his embassy is making serious efforts to ensure that Hungary receives environmental protection assistance—a matter so important from our standpoint.

Martech Officials Interviewed

91CH0117B Budapest NEPSZABADSAG in Hungarian 11 Oct 90 p 3

[Interviews with Martech Vice President (Europe) Adam Gere, Martech Project Manager Robert Huson, Bakony Metall Ltd. Managing Director Ferenc Szucs, and Szekesfehervar Waterworks Division Director Mrs. Janos Kaleta, by Janos Czingraber and Akos Toth; places and dates not given: "Your Politicians Must Lobby in Order To Receive the Money; Questions About Cleaning Up Vacant Soviet Barracks"]

[Text] Leisure centers, universities, a Garden of Eden for entrepreneurs, an international airfield. These perceptions are realistic on occasion, but in other instances they fit into wishful dreams in settlements where people ponder what to do with the vacant Soviet barracks. Along with many others, one of the most important questions is this: When will it be possible to actually make use of these facilities? No one knows the answer with certainty, because we really do not know what the withdrawing Soviet soldiers leave behind. Some horror stories float around concerning ammunition and weapons left all over, and about soil contaminated by oil and chemicals.

They Assume the Risk

These were some of the reasons why the Hungarian public was pleased to hear that the American Martech firm agreed to clean up the barracks.

The Martech firm is regarded as a giant in the environmental protection field. Three kinds of activities constitute its profile: the cleanup of contaminated areas, the prevention of catastrophic events, and general activities to counter air pollution. Soviet barracks are not the only matters in Hungary of interest to Martech. We conversed with Martech Vice President for Europe Adam Gere. He represents the firm in Hungary. Our first question focused on the way Martech acquired this function.

[Gere] My acquaintances in the Hungarian Parliament notified me of this opportunity earlier. At that point I paid a visit to Environmental Protection Minister Sandor K. Keresztes. I was accompanied by Martech president Mr. Ben C. Tisdale. He signed a letter of intent concerning the fact that the Martech firm would like to be engaged in cleaning up environmental pollution left behind by the Soviet troops. We do have experience in

this kind of work. We cleaned up quite a few naval bases in the United States. We believe that there is ample work to be done in East Europe.

The vice president is a Swedish citizen of Hungarian origin, with obviously outstanding knowledge about our region. We also learned that by now it also may be regarded as a Hungarian firm, because with headquarters in Solymar, they registered their firm in Hungary under the trade name "Martech-Europa." They are negotiating a contract with RABA in the framework of which RABA's plant in Gyor would manufacture soil-purifying machines for Martech.

Nevertheless, residents of the affected Hungarian cities are primarily interested in the date when they may safely take possession of vacant Soviet barracks.

Let us listen to Adam Gere:

[Gere] Our primary contribution was made by providing professionals and technology, and we are working with the Hungarian partner firm. The speed by which we perform our work is primarily a matter of money.

[NEPSZABADSAG] So far as we knew you would also bring along money!

Hearing this statement Gere quickly raised his head:

[Gere] There must be some misunderstanding here. The money will be provided by the U.S. Senate, if it provides funds. Thus far the Senate has not provided a single penny. Your politicians must lobby in order to receive the money. Martech is a private firm, how could we obtain money from the state? It is possible to obtain money in the United States, but we can only provide help in this regard, just the way Ambassador Peter Zwack does. We are trying to help to the extent that we take credible, prestigeous Hungarian politicians to the United States, and advise them. This is our way of helping the Hungarian state to lobby for the $75 million foreign environmental protection assistance fund in the Senate.

[NEPSZABADSAG] According to what you say then, there is no guarantee whatsoever that this money will be made available.

[Gere] No guarantee. A letter of intent and a request exist. We are hopeful for the time being, and we are aware of the fact that we assumed all the risks.

[NEPSZABADSAG] Why do you take such risks?

[Gere] The fact is that we are able to establish our East European base in Hungary, and from our standpoint this is worth taking some risk.

[NEPSZABADSAG] Accordingly, are you now absorbing all the costs?

[Gere] The probability of Hungary receiving this aid is great. If not, we have no right to establish financial demands, based on the agreements reached thus far. This is our own business risk.

Thus far in the Veszprem barracks they have dug up 37,000 cubic meters of soil. Martech's Robert Huson oversees work there. He introduced himself as a project manager.

[Huson] The trouble is that the area is small, it is difficult to find a place to deposit soil. For this reason we are working at several places at any given time; in Esztergom, at Dunafoldvar, Tab, Gyor, Szekesfehervar, and Igal.

They have a gas chromatograph which indicates the carbohydrate contamination of soil. Soil samples are then forwarded to a Budapest laboratory for analysis. They apply three kinds of treatment depending on the extent of contamination. On occasion simple aerating will suffice, on other occasions they inject a special bacterial body into the excavated land. And third: They clean the soil in machines made for this purpose if the second treatment fails to remove all the oil.

[Huson] At the Veszprem barracks we found that 60 percent of the soil was contaminated by oil; in some places as deep as 3 meters underground.

[NEPSZABADSAG] How long will it take to clean up the Veszprem barracks?

[Huson] A year, in my view.

Mr. Huson would not even make predictions regarding the close to 300 Soviet bases. But he smiled when asked for how long he planned to stay in Hungary:

[Huson] Five years.

The Partner Is Hopeful

Only a few American professionals are present at the Veszprem barracks, the earth work is performed by the employees of Bakony Metall, the Hungarian partner.

[Huson] The knowledge, diligence and reliability of Hungarians came as a pleasant surprise to us. They learn fast whatever they have to learn, they perform in an outstanding fashion even if we compare them with Americans. I just wish the language problem would not exist!

Bakony Metall is a relatively small limited liability corporation located in Varpalota. It was established this year. Its main profile consists of buying up machines—tanks, trucks, power boats—as scrap metal, discarded by the Soviets. Adam Gere emphatically underscored the fact that Bakony Metall is a good partner, and they would like to use that firm to clean up the barracks throughout the country.

[NEPSZABADSAG] Will you have the capacity to do so?

[Szucs] We have contacts throughout the country. We are able to report within 24 hours with men and machines wherever we are needed.

[NEPSZABADSAG] Except for the fact that at present there is no money behind this venture. Is Martech paying for your work?

[Szucs] Thus far we invested 20 million forints in this business, and we hope that this amount will be repaid. We hope that Hungarian politicians are doing their lobbying work well....

In Adam Gere's view it would be beneficial to prepare a budget for the cleaning up of barracks, and to achieve that the U.S. Senate finances that budget over a period of several years. No contract covers this work at present. We learned from Erno Kiss, an official at the Environmental Protection and Regional Development Ministry that from a practical standpoint all that exists is an overall agreement in which the Hungarian party permits, so to speak, that Martech pursues its activities in Hungary. Whether anyone should regard this as a foundation for a job conservatively estimated to be worth between $30 million and $40 million, is worth a second thought. Equally, the question of who checks the performance of work remains unclear. According to Gere there exists an agreement according to which on an average $35 is due the firm for each cubic meter of soil cleaned. But we were unable to obtain a reassuring answer to the question of exactly what volume of soil they cleaned, the extent to which that soil was contaminated, how much the cleaning operations cost for the firm, and who checks the operations. All this is odd because possible differences in costs may amount to millions. Not to mention the fact that a person in authority at the Ministry understood that the Martech people would obtain the money.

Responsibility Denied

There appears to be total confusion concerning the environmental protection control function. (Let us add here: Martech should not be blamed for that.) The Veszprem-based expert who has jurisdiction in this regard according to both Martech and the Ministry, clearly denied responsibility. Even though the situation is serious, as long as a statement made by Robert Huson is true. According to Huson, at the Veszprem barracks the oil seeped down to the ground water level. Mrs. Janos Kaleta, division director at the Szekesfehervar Water Works Directorate claims that there is no ground water in that area, the immediate water level is carstic water—drinking water—which in her view is not contaminated.

[NEPSZABADSAG] Are you maintaining contact with the Martech firm? Do you check whether the ground water is indeed contaminated?

[Kaleta] Our relations with Martech are not too close. We were designated by the Ministry to perform control functions, but they said that we will receive permission to perform test drillings only after the Institute To Manage Sequestered State Property transfers the barracks to the city. This has not taken place as of this moment.

[NEPSZABADSAG] On the other hand, Martech is working already, and by the time of transfer they may be finished with their work!

[Kaleta] We will send an official notice to them at this time, so that they inform us....

It raises concern that this is not the only place where they forgot about what was mandatory: to exercise due care!

Martech To Face Competition

91CH0117C Budapest NEPSZABADSAG in Hungarian 11 Oct 90 p 3

[Unattributed report: "A Decision Will Be Made Based on Competitive Bidding"]

[Text] Adam Gere, the Martech firm's representative in Hungary, views the American government official's statement as factual. He added that as a result of the existing relationship between Congress and the Executive Branch, Congress will try to go into as much detail as possible regarding the amounts to be appropriated, while the Administration regards foreign policy as its own territory, and considers the distribution of aid a presidential prerogative. Mr. Gere acknowledged the fact that there was no valid agreement on the basis of which payment by the Hungarian party—be that the state or local governments—could be enforced, unless the U.S. Congress provides funds for this program. (They are aware of the fact that the Hungarian budget contains no funds for this purpose.) In a situation like this—which he regards as unlikely—Martech could count on no more than reasonable consideration by the Hungarian Government. Thus far the firm's presence and activities in Hungary cost about $1 million, and the firm received no compensation of any kind for this outlay. Martech is an American firm, it cannot directly lobby on behalf of Hungary, because this is impossible and illegal in the United States, according to Gere. But Gere was confident that Hungarian lobbying efforts will produce success. In order to produce results Martech financed the trip of three high-ranking Hungarian public personalities to the United States. They made a great impact on American legislators. "We met several times with Mr. Zwack in Budapest and in Washington, and provided help in the form of materials and information to the ambassador concerning our lobbying work, our environmental protection activities here, and concerning the Hungarian state's environmental protection priorities."

Deputy State Secretary Zoltan Illes said that Martech was successful in preventing the further contamination of carstic waters in the vicinity of Veszprem. The firm's assessment enabled the expression of indemnification claims against the Soviet party in numerical terms in the course of bilateral negotiations. The choice of which firm will clean the soil that was polluted by Soviet troops will

be decided in the course of competitive bidding, and it will be part of the risk assumed by Martech if they do not win the award. (The Martech representative added the last word to this statement: They are prepared to face this eventuality.)

New Military Security Chief Interviewed

91CH0110A Budapest TALLOZO in Hungarian No 43, 26 Oct 90 p 2035

[Interview with new chief of Military Security Office Engineer Colonel Dr. Karoly Gyaraki, by Bela Szabo; place and date not given: "Is It Only a New Name?"—first paragraph is MAGYAR HONVED introduction; reprinted from MAGYAR HONVED 19 October 1990; page not given]

[Text] Engineer Colonel Dr. Karoly Gyaraki was born in 1944. He pursued a career in the military after graduating from high school, and obtained a diploma from the former Unified School of Officers in air defense. A specialist in air defense missiles, Colonel Gyaraki advanced in ranks and served in various capacities, ranging from group commander to chief of the air defense command, and was stationed in many places in Hungary. He received high level command training at the Soviet air defense missile engineering academy, and by attending military strategy courses at the Miklos Zrinyi Military Academy [ZMKA]. He defended his doctoral thesis at the university in 1983. He was appointed Chief of Military Security by the Council of Ministers on 25 September 1990.

[Szabo] The first question suggests itself: How does a missile engineer become head of the security office?

[Gyaraki] On 14 February 1990 the military counterintelligence function known as Interior Ministry II/IV group command was transferred to the Hungarian Honved Forces. It became an independent military organization. Direction of this organization by a professional commanding officer became one of the new requirements. This is how my appointment came about. I have the authority and responsibility of a deputy state secretary.

[Szabo] What circumstance justified the elevation of a subordinate office in the Interior Ministry to an independent military security organization?

[Gyaraki] The security issue was redefined. Related tasks were determined, and an appropriate organization to perform these tasks was established. This is the rationale on the basis of which the Council of Ministers established the National Security, the Intelligence, the Military Security and the Military Intelligence Offices. The first two organizations have nationwide jurisdiction. Their respective budgets are independently administered under the direct supervision of each organization's chief. The activities of these organizations are overseen by a minister without portfolio.

The Military Security and the Military Intelligence Offices are part of the Hungarian Honved Forces; funding is provided through the defense budget. I report directly to the commander of the Hungarian Honved Forces, the Intelligence Office reports directly to the chief of staff. The minister of defense oversees our activities. Consequently, security officers stationed at the various military units report to their respective commanders.

[Szabo] Mystery surrounded the operations of this office during the past decades, the public knew virtually nothing about its operations. Will the office remain this secretive?

[Gyaraki] Only to the extent that secrecy is necessary. Our basic duties and functions are made public in MAGYAR KOZLONY. The Council of Ministers assigned four main functions to this office. First, we must protect the Ministry of Defense and the Hungarian Honved Forces from foreign intelligence activities and from special service units which violate and threaten our legal order. In common parlance this is known as counterintelligence.

The second task is to counter in advance and to prevent defections abroad, insurrections, the endangerment of military preparedness, crimes against the state and against humanity, acts of terror and the overpowering of aircraft, and to detect, counter in advance, and prevent incitement and the spread of words that cause alarm. Third: We provide physical security and protection for special objects and military facilities. And finally, we protect persons performing particularly important and confidential functions. These persons are aware of the protection we provide.

[Szabo] What tools does the office have to perform these functions? Wouldn't the scandal in which the III/III group command was involved make your job more difficult?

[Gyaraki] The scandal may even help us. This kind of work requires sharp eyes, good ears, and an analytical capability. Quite naturally, our office also may have to use secret service methods such as listening devices and the surveillance of the mails, but like any other organization, we may resort to these means only with the permission of the minister of justice.

[Szabo] The public developed a rather pejorative view of the so-called III/III group command network. Some demand the publication of the roster of top secret officers and of network persons. Does the military security office have informers like these?

[Gyaraki] As in any other country, our secret services also require sources of information. The identity of these persons is top secret of course. Nowhere in the world are their names made pubic.

These persons operate on the basis of a single condition: They must observe the law in the course of their work.

We do not force anyone to provide information, we do not recruit anyone, but we accept help from everyone.

[Szabo] Previously the military was made conscious of the need to be cautious about what is said and where, because counterintelligence was watching, and the expression of political opinion easily became part of a person's record.

[Gyaraki] This approach cannot be sustained in a multiparty democracy. Anyone may hold a private opinion about anything, this is a constitutional right. Our attention would be drawn to someone only if he took an additional step and expressed his view in the form of action. But even in this case, our attention would be drawn to such a person only if he violated one of the four basic tasks, e.g., preservation of the constitutional order.

[Szabo] What relations does Hungary have with foreign secret services? Is it conceivable that in the future we will cooperate also with Western services?

[Gyaraki] International terrorism, drug trade, and the redefinition of European security may result in cooperation with any Western secret service regarding specific cases. Relationships were maintained with other intelligence services even previously at the level of information exchange.

[Szabo] Finally, is this office different from its predecessor?

[Gyaraki] Not insofar as its basic function is concerned. The only difference is that we perform our functions within a different organizational framework and are guided by different concepts; we want to rid this office of the remnants of mysteries, we intend to be open insofar as this is permissible. Circumstances change, but the fundamental goal does not: The Honved Forces must also be protected in this way.

CZECHOSLOVAKIA

Solutions to Questions of Property Ownership Proposed

91CH0057C Prague ZEMEDELSKE NOVINY in Czech 22 Sep 90 p 7

[Article by Eng. Vaclav Basek, candidate for doctor of science, and Eng. Ladislav Kozak, Prague: "Defining Ownership Relations in Agricultural Cooperatives"]

[Text] The principal emphasis of the current radical economic reform in the area of defining ownership relations is on state ownership, particularly issues related to reprivatization and privatization. In agriculture, the greatest attention is being placed on land ownership definition, the privatization of government owned land and property, which includes privatization in the area of the food industry and services. In this regard the most important question for agricultural production is the further development of agricultural cooperatives, which is expected to involve a reapplication of cooperative management principles.

It is generally accepted that there must be a new definition of cooperative ownership. The economic reform scenario developed by the CSFR Government does not pay too much attention to this issue. Nor have experts in the field, who are aware of the complexity of the overall issue, made too many statements in this area.

The lack of clarity in ownership relations is allowing cooperative leaders (who are not member-owners in many cases) to allocate property in a way that conflicts with the interests of the actual owners. These leaders are forming corporations, including Agrobanks, spinning off associated production operations as independent businesses, and thereby allowing property to escape from cooperative control. There have also been cases where cooperatives have auctioned off unneeded capital equipment without taking account of the needs of cooperative members. This brings the cooperative a better price, to be sure, but shows a lack of respect for the member-owners. Such actions certainly will not facilitate the development of private enterprise by cooperative members.

Existing agricultural cooperatives are not and have never been cooperative organizations in the true sense of the word. They are an outcome of collectivization carried out violently by the CPCZ to foster its political goals. United agricultural cooperatives were founded in the 1950's based on laws of that time that violated legality, logic, and morality. The fact that a number of private farmers and others with no land of their own entered the new JZD voluntarily and enthusiastically does not change this reality.

Return to Cooperative Principles

A return to cooperative principles based on ownership is essential to support the subsequent steps of reprivatization and privatization in agriculture, the food industry and services. Each cooperative must quantify the shares of all owners and their heirs. This will define what they have at their disposal under the new laws. Each owner can then either start to operate as a private owner or again associate with the cooperative, but under a completely new set of principles.

The new land law allows land owners, and former private farmers, to renew their economic activity. This means that existing cooperatives will have to resolve property issues with all owners who request such an accounting. This is why it is essential to resolve property rights issues in all existing cooperatives.

When clarifying property ownership in a cooperative it is first necessary to identify all the owners of cooperative land (including government land shares), then calculate the total value of cooperative property. Establishing the shares of individual members in cooperative property will be very difficult, and will have to be based on both land ownership and contributed capital (defined as both operating and fixed inventory).

Labor participation is not included in the calculation because it will be dealt with generally, as is the case with all other national economic sectors. For this reason we have to reject the growing tendency to grant excessive advantage to labor participation when calculating shares of cooperative ownership. This practice is usually justified by citing the statistic that original owners now account for less than 50 percent of cooperative membership. So that owners are not placed at a disadvantage when making decisions concerning shares of cooperative property, we must revive the cooperative principle (member-owner). The agricultural cooperative law, No. 162/1990, Laws of the CSFR, should be replaced with a new law that reflects the democratic principles of the cooperative movement.

Outline of a Possible Approach

There can certainly be any number of ideas as to how to revive this ownership definition. Our opinion is that the idea presented here offers a rational basis for addressing the above mentioned issues. This approach is based on the specifics of agricultural production, and creates equal starting conditions for those who want to start out on their own as farmers and for those farmers who want to continue to work together within ownership type cooperatives.

1. Land ownership is currently governed by Law No. 114/1990, Laws of the CSFR, and in the near future will be covered by an independent land law.

2. Operating and Fixed Inventory

a) Machinery and Equipment—The price of machinery and equipment used in primary agricultural production

is subtracted from total cooperative property. This price is then divided by the number of hectares of agricultural land, giving the current value of machinery and equipment per hectare of agricultural land (the so-called ownership coupon). The number of hectares is then used to establish a share figure, in korunas, for those owners who can prove that they contributed some of the machinery and equipment (no account is taken of original value, because this cannot be reliably determined in most cases). This share will be the contribution of those owners who want to remain within the new cooperative. The calculated share must be returned to owners who want to go out on their own either in kind (the preferred method) or in money. If contributions are returned in kind care must be taken to return the same piece of equipment originally contributed by the owner (tractor = tractor; threshing machine = combine, etc.)

b) Buildings—The value of buildings and structures contributed by individual owners will be calculated, and then either returned to them, or considered their contribution if they remain within the cooperative. Owners whose property was destroyed or devalued will be compensated for damages. These amounts will reduce the residual cooperative property. Compensation for damages caused by the government must be made by the government within the context of the rehabilitation law.

c) Livestock: Action must be taken for each type of livestock.

—Cattle: Physical contribution will be valued at current prices, less any paid out shares;

—Hogs: The same approach as for cattle;

—Horses: Physical contribution will be valued at current prices.

d) Feed, seeds and other stocks will be returned to those going out on their own either in kind or in monetary form based on proven contributions. Owners who are remaining in the cooperative will have this share included in their contribution to the new venture.

Cooperative resources will determine whether agreed upon shares are returned to those starting out on their own in kind or in money. Owners with a demonstrated contribution who are remaining in the cooperative will have this share included in their contribution to the new venture.

Subsequent Privatization

This approach will handle the distribution of operating and fixed inventory to original owners or their heirs as well as define the new contribution of those who remaining the cooperative. The next step will be to decide how to privatize the residual value of the basic property remaining after the above accounting.

We think that the approach outlined below is in accordance with basic cooperative principles, and that it takes into account both ownership and the fertility of contributed land.

—Divide the residual value of the basic property by the value of the land being worked (value of the land being worked = area in hectares x land price according to BPEJ [expansion unknown]);

—The share calculated in this way will be awarded only to those landowners who actually worked in the cooperative. This share will be returned to those who decide to go out on their own, based on an agreement with the cooperative. When the share cannot be returned immediately, it will be considered a contribution to the cooperative, and a timetable and procedure for dealing with the contribution worked out with the cooperative;

—Other shares belonging to government land or to people who did not work on the cooperative will be privatized according to generally valid regulations.

The above procedure is not intended to break up agricultural cooperatives, but rather to revive them based on the principles of cooperative ownership. It will also result in approximately equivalent starting conditions for those who want to begin farming on their own. After all, only the landowner should be able to decide how the land will be managed.

HUNGARY

Three-Year Agricultural Program Highlights

91CH0047A Budapest FIGYELO in Hungarian 20 Sep 90 p 10

[Unattributed article: "Agricultural Program—The First Circle"]

[Text] If only in its draft form, the government has already dealt with the three-year agrarian program. This time, counting on critical remarks, we are disclosing some of the more important details of the governmental plan of action.

In its three-year program the government will attempt to shape a new system of conditions for our agriculture to meet, as closely as possible, the demands created by market economy. The first condition for this is the transformation of property relations.

Rationally

The program reveals that the government wishes to create socioeconomic circumstances in which the producers or owners themselves will choose forms of production and representation, including the size of their operations, that best suit their needs. Accordingly, larger operations are expected to prevail when it comes to cultivating cereals and industrial plants on large plowed

lands, while in other specialties, such as animal husbandry and horticulture, the role of private operations will greatly increase.

What the government wishes to see is the transfer of lands to those who are able to cultivate it in the most efficient manner under the given circumstances, and who in the long run will be interested in maintaining or increasing its productivity. In order to achieve this, however, we must create the means by which the state can influence the land market, and open up opportunities for sales and purchases, leasing and mortgaging.

As for the actual program itself, the privatization of individual state farms will be accomplished along different norms, in accordance with their economic profiles and their producing activities.

Only partial privatization is recommended in those cases where facilities fundamentally influencing agricultural production, such as hybridization centers, gene depositories, research, and instruction bases came into being. About 30-40 state farms fall into this category.

With the 60-70 state farms that came to specialize primarily in agricultural commodities, privatization can be comprehensive. In this sphere, privatization could be followed by the creation of joint enterprises strengthened by foreign capital, new type of cooperatives and share-based economic units.

Most urgent is the privatization of state farms whose size was increased primarily for prestige or political reasons, which were kept alive by state subsidies and which are unable to undertake efficient production. About 20-25 farms could be placed in this category. Their privatization could be accomplished quickly, through bankruptcy proceedings, auctioning or direct sale of properties.

Guarantee

The transfer of food-producing enterprises into private ownership will be accomplished in two phases. First, the monopolized organizations will be decentralized. This process has been going on since the middle of the 1980's. With the exceptions of dairy and vegetable oil production, the system of large trusts has been practically eliminated. Now the government has decided to apply this principle of decentralization throughout the entire food industry.

Genuine privatization would take place in the second phase. Since the food industry suffers from an acute lack of working capital, and profitability is low in comparison to capital, the government relies primarily on foreign capital when it comes to selling state wealth accumulated in this sphere.

In order to encourage the rebirth and transformation of cooperatives, the government strives to introduce regulatory measures that enable members to make their own decisions concerning issues of proprietorship and organization. The new regulations will make it possible to replace agricultural cooperatives with vertically organized purchasing-producing and retailing cooperatives that are based on their members' private proprietorship.

In concert with its efforts to privatize, the government wishes to support the development of family farms based on private ownership and leasing, as well as the dissemination of various intraenterprises, investment and leasing forms that contribute to the better operation of state or cooperative-owned joint property.

In order to achieve this, it will create the requisite state system of guarantees, including the institution of Credit Guarantee Fund [HGA], which is indispensable for the enlargement or startup of small enterprises that are short of capital.

Assistance Fund

Such course of action, however, calls for transforming our infrastructure in the spheres of production, merchandising, transportation, technical advising and market information, which at the moment hinder the development of private production, and which the government maintains by allocating to it resources from the national budget as well as from international assistance funds.

Accomplishing these goals also calls for the modification of our taxation system. The government will make every effort to make the new system of taxation friendly to enterprise and conducive to the privatization process. Accordingly, there are plans to eliminate enterprise profit taxes levied on basic agricultural and forestry endeavors, and the previous practice of tax preferences in the food industry will be reestablished.

There are certain concepts according to which, in the course of developing the system of land taxes, the discrimination burdening private land-users will be eliminated, and a unified system of taxation, disregarding factors of organization and sectors, will be applied to all agricultural land units. In such unified system of land taxation, it would be justified to introduce so-called negative taxation, (that is, subsidies), applicable to properties whose quality falls below the average.

When it comes to personal income tax, the simple and bureaucracy-free taxation of small and private producers will continue to remain in effect.

Depending on the fluctuation in the standards of living, later we could introduce the positive rate of taxation used in the food production sectors of Common Market countries, and could eliminate the contradictions that exist in the general sales and consumption tax.

Subsidies

Due to the natural and marketing peculiarities of agriculture, the government will continue to consider subsidies in the agrarian sphere of our economy. At the same time, in tandem with the development of a marketing

system, it will make every effort to moderate the level of subsidies, simplify the system and operate it in a manner free of organization and sector-based discrimination.

Plans call for the gradual reduction of subsidies serving plant operation and their integration into wholesale and retail prices. When it comes to credit preferences related to production financing, as well as certain subsidies in support of soil conversation and environmental protection, those could be continued for some time.

As for subsidies supporting farmers who operate on land of below average quality or under unfavorable circumstances, the government wishes to continue such support in a modernized form, similarly to the practices that prevail in the developed European countries. The new, land-based system of subsidies is related not to the product cultivated, but to the land or its cultivator. It is hoped that this will prompt farmers and agricultural organizations to use land rationally, including even the possibility of using the poorest quality plots for nonagricultural purposes.

Agricultural projects of great investment demands and slow return will continue to necessitate direct subsidies in the future. It should also be noted here that complete freedom of exports will be created with the application of subsidy rates classified by product groups.

The government is firmly committed to eliminate existing administrative price controls in several stages, and at the same time forming and implementing a legal, organizational, institutional, and fiscal system for regulating the agrarian market. One aspect of this system is, for example, that guaranteed prices will be set for products that fundamentally influence agrarian economy: cereals, pork, poultry and dairy goods. It intends to dispose of potential surplus through exporting arrangements.

Based on a consensus of government and agrarian interests, and in relation to market fluctuations, a system of quotas and agrarian intervention will be developed, with appropriate operating and fiscal conditions.

Because of biological peculiarities and conditions of profitability that prevail in the agrarian branches of our economy, monetary policies are applicable only by maintaining a system of special credit parameters (such as advance, purchasing or capital-substitute credits). In view of today's capital supply, interest rates, and inflationary pressure, guaranteeing a return on capital investments makes the creation and maintenance of central interest and credit preferences imperative. In order to achieve this, an independent agrarian development bank should be established as part of the general banking system. This institution would be called upon to operate the land market, within suitably regulated controls.

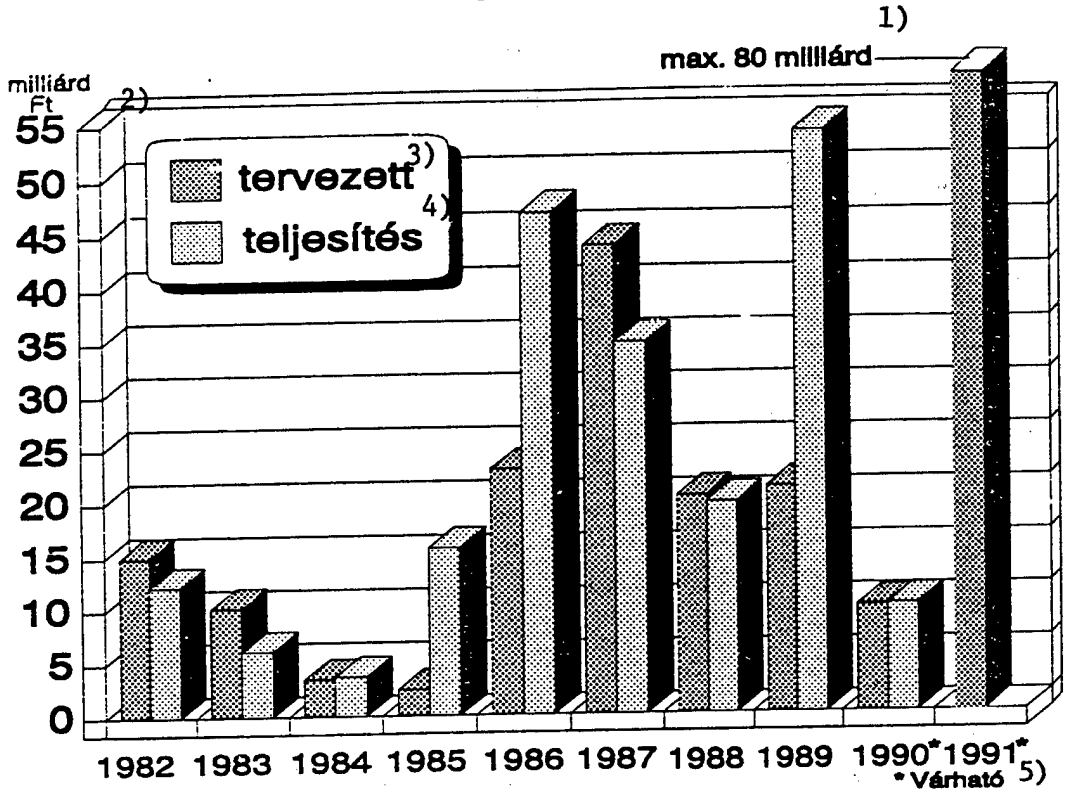
The efficient utilization of production resources (land, labor, and capital) will also produce a certain undesirable consequence, namely agrarian unemployment. Therefore, the government intends to develop a comprehensive program to maintain the population-preserving capacity of our villages.

State Budget Deficit 1982-91 Tracked, Projected [Text]

91CH0095A Budapest FIGYELO in Hungarian
25 Oct 90 p 1

[Unattributed graph, entitled: "Changing Budget Deficit; Statehood and Human Rights Guarantees"]

Changing Budget Deficit



In the 1970's, the actual size of the budget deficit was routinely covered up. Instead of the 35-45 billion forint deficits incurred, 2 to 3 billion forint shortfalls were being admitted to. According to the Ministry of Finance, the data reported since the early 1980's have reflected the facts.

Key:
1) Maximum 80 billion
2) Billion forints
3) Projected
4) Actual
5) Expected

Science Update: Green Light for Bio-Industry Research

91CH0048A Budapest NEPSZABADSAG in Hungarian 15 Sep 90 p 14

[Interview with Hungarian Academy of Sciences Executive Secretary Istvan Lang, by Denes Kovacs; place and date not given: "Space Industry—No; Bio-Industry—Yes"—first paragraph is NEPSZABADSAG introduction]

[Text] No one knows whether we are in the midst or around the end of the seven lean years. One thing is certain, however: Science is one of the victims of the rigid limitations that have lasted for years. Thus, it is understandable that our conversation with Istvan Lang, executive secretary of the Hungarian Academy of Sciences, addressed worries rooted in poverty, and their solution.

[Kovacs] The individual is the most important aspect of scientific research: No successful research can be accomplished without good researchers. This is why we worry when we see scientists decide to leave Hungary temporarily or for good. How great are losses of this nature, and what can we do to counter the trend?

[Lang] Right now about 15 percent of the personnel at the Academy's research institutes are abroad for extended periods. We estimate that one-third of them do not intend to return to Hungary, while two-thirds of them do. Two years ago the proportion of the first category was only about six percent. The growth is a natural corollary of the spreading of human rights, the opening of our borders, and Hungary's increasingly worsening research atmosphere. This process should not, and could not, be hindered with administrative means. Still, how could we slow down the emigration trend? I would like to mention two possible measures. One: We should endeavor to make scientific-technological progress one of the priorities of government policies. Two: We must implement the principle of selectivity, provide more to the better schools, oppose egalitarian practices, create democracy in the public affairs of scientific life, and assist talented youngsters in their search for opportunities. And another thing: We should not view those working abroad as "lost": we should maintain regular contacts with them, undertake joint research projects, and invite them to present lectures and conduct seminars. In order to promote this, the Academy instituted a system of external members. Nor should we forget that if we do all of the above, Hungarian researchers who live and work abroad could be financially profitable for Hungary.

[Kovacs] Does the selectivity mentioned by you mean that all financial resources be concentrated in a few scientific areas, while others be allowed to wither away?

[Lang] Such extremist notions exist, but I do not believe in them. At the same time, I feel that we should make a noticeable, if not radical, shift toward selectivity. This could only be based on a realistic evaluation of already accomplished research results. At last year's annual meeting we have already disclosed certain parameters and indicators, applicable to all researchers in the natural sciences, based on which their achievements could be evaluated. Next year we wish to complete an even more thorough examination of effectiveness; if for no other reason than because the five-year research cycle will end, and we will have to make significant decisions as to financing, topics to be supported, research spheres, new structural forms, and many other issues concerning the coming period.

[Kovacs] In other words, these evaluations would form the bases for the selection to be implemented. What principles are you planning to apply when it comes to basic research, the area most neglected in the past?

[Lang] My fundamental principle is that it is the basic right of researchers to raise issues which they consider important. Of course, support cannot be allocated to every topic and every endeavor, because the community's money must be handled in a responsible manner. Originality and innovation are the requisite considerations upon which evaluation is based, as well as the fact that the ideas proposed be in concert with international trends. In other words, support must be extended primarily to individuals! What this means is that we must determine, which are the areas in which we have a genuinely talented pool of researchers. Naturally, here too we must take into consideration domestic realities, and we have to rely on nationwide collective wisdom. And since I am talking about domestic realities, this obviously means that scientific problems of developing space and aviation industry will not receive any support in the Hungary of the future. To give a positive example, on the other hand, it is justifiable to expect long-range support for the so-called bio-industries, primarily in food processing, pharmaceutical manufacturing, and certain branches of the chemical industry. Accordingly, basic research in biological sciences must be among our priorities. The substance of our policies, therefore (which also represents a change from previous practices) is a well-founded and thoroughly considered selection, which cannot be performed by administrative organs, but rather by the scientific communities.

[Kovacs] What is the situation with the money available for research purposes, which was always scarce and which, I am afraid, will continue to be scarce in the future? First of all, let us clarify what is the source of fiscal resources we can use?

[Lang] To state it purely and simply, there are three kinds of resources. The first one: Forty-five percent of the entire research and development (R&D) expenses is covered by the state, that is, by the national budget and the centralized development fund. Secondly: A little more than half of all expenses is covered by domestic enterprises and other organizations. Finally, there are resources coming from abroad, which still amount to a negligible percentage of the total.

[Kovacs] Can we expect a much greater amount of "assistance" from abroad, that is, an increasing role for foreign mobile capital, in the area of scientific activities?

[Lang] Yes. Many people may consider me overly optimistic; still, I feel, even though I caution against illusions, that within ten years the share of foreign capital could be as high as ten or twenty percent. Of course, we ourselves must do a lot in order to see this taking place. To clarify matters, here too we must distinguish three categories: The first is assistance coming from international organizations, promoted by Hungary actively participating in the joint research endeavors of the European Community and other European or UN organizations, such as the FAO or the UNESCO, most of which are in basic research. Secondly, there is the possibility of obtaining a portion of other countries' national budgets, through contractually participating in joint projects or performing commissioned services. For example, the United States Department of Agriculture commissioned us to perform certain research projects in the areas of plant protection and improvement. But these instances are still rare: The most frequent forms of cooperation in this area consist of researcher-exchanges and the undertaking of certain joint projects. A third variety, primarily occurring in the area of applied development projects, consist of research for-hire, commissioned by private enterprises from abroad. This shows the greatest opportunities. As an example, negotiations are well under way concerning a multimillion dollar transaction involving the Szeged Biological Center: If it materializes, the enterprises abroad and the Hungarian research institute will equally benefit. To be sure, most of the projects under discussion are much simpler and less expensive. Still, we should be much more systematic in our attention to projects of this type, exploring opportunities and creating the conditions for them.

[Kovacs] Even though the above projects are not figments of the imagination, the scientists are interested primarily in what they can expect for this year and the next.

[Lang] Since I am familiar with the governmental program under development, I must state first of all that the new government indeed has every intention to treat scientific work as a priority. In this regard, this year and the next will be devoted to "crisis-management." We hope that we will succeed in maintaining the present, not too high, level; in terms of real value as well, which is very important. Next year we plan to prepare the changes we have already discussed; retaining those elements that we consider beneficial and changing those that need to be changed. As soon as possible, we must formulate new strategies, including the determination of priorities. The greatest priority is changing the wages of researchers, which presently gives great cause for worry. After all, it is exactly on account of these low wages that many researchers go abroad, while others prefer to find employment with enterprises and banks. This presents a grave danger for the replacement of our researchers. We propose the introduction of a 50 percent wage increase for next year: This is not an exaggerated demand; after all, most of that will be "taken away" by the inflation of this year and the next.

[Kovacs] When it comes to financing research in the sciences, and especially basic research, the National Fund for Scientific Research [OTKA] has been given greater role during the recent years. I know that this issue is close to you: Can we expect major changes in this regard?

[Lang] In recent years the OTKA covered 12 percent of all scientific research and 40 percent of basic research. Following Western examples, this form of financing is a new phenomenon in Hungarian science policy. Through it, we have also introduced the principle of competitiveness. We should realize that we are now ending a stage that lasted several years. We are now examining applications that will involve support in the amount of about 13 billion forints during the coming four years. Following the initial stage, academic committees rank the applications. By the end of this year we are planning to form four boards, according to academic specialties, which will make the final decisions. In order for things to go well in this regard, it is imperative for the government to announce that the OTKA is needed, and to determine suitable fiscal parameters for the Fund, which could be taken into actual consideration.

[Kovacs] Finally, knowing the present situation, how optimistic are you concerning the immediate future of sciences?

[Lang] If, as we all hope, we can avoid an economic collapse, we can realistically hope that the next one will be a year of rationally saving our values. We have already discussed the major elements of this endeavor. It is my opinion, reinforced by my experience, that the new government agrees with this approach, both in regard to goals and conclusions. One aspect of this approach is to increasingly apply the principle of effectiveness in distributing fiscal resources among research projects, which of course calls for a more thorough preparation of selection. I am moderately optimistic; provided we can avoid unexpected and unfavorable events that would have direct influence on the nation's scientific activities.

Applications for Research Grants Received by the National Fund for Scientific Research [OTKA] for 1991-94

Scientific Fields	Applications		Total Requests		Of These, Investments	
	Each	Percent	Million forints	Percent	Million forints	Percent
Social Sciences	833	26	2,094.4	16	133.2	6
Organic Natural Sciences	1,246	38	4,935.9	38	1,023.6	43
Inorganic Natural Sciences	1,192	36	5,970.5	46	1,201.7	51
Total	3,271	100	13,000.8	100	2,358.5	100