

Daily Report

Supplement

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CONTENTS

23 August 1993

NOTICE TO READERS: An * indicates material not disseminated in electronic form.

INTER-EUROPEAN AFFAIRS

- * Ukrainian Delegation Visits Macedonia [Skopje NOVA MAKEDONIJA 20 Jul] 1

BOSNIA-HERZEGOVINA

- Fikret Abdic Strengthens Power in Cazin [Belgrade BORBA 26 Jul] 2

CROATIA

- Debt Extortion Sentences Announced in RSK [Belgrade BORBA 4 Aug] 4

CZECH REPUBLIC

- * Indebtedness Reduced by Account Cross-Balancing [HOSPODARSKE NOVINY 13 Jul] 5
- * Dlouhy Satisfied With Debt-Reduction Program [PRACE 13 Jul] 5

POLAND

- * Church Takes Stand on Election Issues 6
 - * Bishops' Letter to Nation [NIEDZIELA 4 Jul] 6
 - * Politicians Respond to Letter [WPROST 18 Jul] 7
- * Increasing Involvement in Drug Trade Assessed 9
 - * Distribution Viewed [WPROST 11 Jul] 9
 - * Dealer Interviewed [WPROST 11 Jul] 10
 - * Severity Assessed [WPROST 11 Jul] 10

ROMANIA

- * Proposals for Reuniting Romania, Bessarabia [ROMANIA LIBERA 23 Jul] 13
- * Parliament Members Veto New Elections [ADEVARUL 3 Jul] 13
- * Ruling FDSN Most Trusted Party Among Populace [ADEVARUL 3 Jul] 15
- * Adrian Nastase Discusses Politics, FDSN Issues [LIBERTATEA 3-4 Jul] 17
- * Nastase Opposes Reintroduction of Death Penalty [LIBERTATEA Jul] 20
- * Hortopan on Anticorruption Commission Report [ROMANIA LIBERA 12 Jul] 21
- * Economic Reform Council Head Assesses Progress ["22" 24-30 Jun] 25
- * Views of Romanian-Greek Dispute Over Ship Purchase [ROMANIA LIBERA 14 Jul] 29

SLOVAKIA

- * Industry Lobby Said To Pressure SNS [SME 29 Jun] 31
- * Description of AD Party Program Published [SME 9 Jul] 31
- * Attempt To Test Citizenship Law Announced [REPUBLIKA 1 Jul] 33

YUGOSLAVIA

Federal

- Montenegrin-Serbian Economic Relations [BORBA 26 Jul] 34
- Consumer Basket Cost of 3 Cities Contrasted [POLITIKA 25 Jul] 35
- Belgrade Court on Jugoskandik Bankruptcy [BORBA 4 Aug] 36

Macedonia

'Albanian Issue' in Macedonia Discussed [VREME 19 Jul]	36
* Poll on Confidence in Institutions, Foreign Relations [PULS 2 Jun]	38
* Party of United Macedonians Denounces Serb Group [NOVA MAKEDONIJA 30 Jun]	39
* Leadership Change in Macedonian Orthodox Church [NOVA MAKEDONIJA 12 Jun]	40
* Biographies of Macedonian Archbishops [VECER 19-20 Jun]	41
* Names of Streets in Skopje Changed [VECER 10-11 Jul]	42
* Central Bank Regulation of Interest Rates [NOVA MAKEDONIJA 22 Jun]	43
* Problems in Handling Traveler's Checks, Credit Cards [VECER 30 Jun]	45
* Court Decision on Protection of Trademarks [NOVA MAKEDONIJA 20 Jun]	46

Montenegro

Dafiment Coffee in Hands of Depositors [BORBA 4 Aug]	47
--	----

Vojvodina

Farmers Block Roads in Protest of Prices [BORBA 26 Jul]	47
---	----

*** Ukrainian Delegation Visits Macedonia**

93BA1278B Skopje NOVA MAKEDONIJA in
Macedonian 20 Jul 93 pp 1-2

[Article by Lj. Profiloski: "Recognition in September?"]

[Text] *We shall return with a strong impression and arguments to the effect that there are no obstacles to the recognition of the Republic of Macedonia by Ukraine, which will take place imminently, we were told by Delegation Chief Dmitriy Pavlichko.*

Yesterday, the Parliamentary Delegation of Ukraine, headed by Dmitriy Vasilevich Pavlichko, chairman of the Commission for International Relations of the Supreme Soviet, completed its visit to the Republic of Macedonia. During the past two days, the four Ukrainian parliamentarians also visited Ohrid and were received by Macedonian President Kiro Gligorov and by Assembly Chairman Stojan Andov.

Yesterday morning, the Ukrainian Parliamentary Delegation held an extensive discussion with the delegation of the Macedonian Assembly, headed by Representative Estref Aliu. Information was exchanged on the work of the two parliaments, and the problems they encounter in developing their legislative systems and interparliamentary relations. The Ukrainian delegation expressed its satisfaction with the hospitality it received in Macedonia.

"We shall do everything possible for the state contacts between Macedonia and Ukraine to be most frequent," Deputy Pavlichko said in the course of yesterday's discussion. "We have no reasons to oppose the recognition of Macedonia by Ukraine and we expect that this will be accomplished very soon. The only obstacle was that we did not know how to behave when the war in Bosnia started and we postponed this issue in order not to cause any greater damage. We believe that it was an error to have quickly recognized Bosnia and Herzegovina. Our visit to Macedonia, however, indicates that the recognition and establishment of diplomatic relations will be accomplished quickly."

In the course of yesterday's discussion, the Ukrainian parliamentarians also discussed the process of the separation of the states of the former USSR, stating that currently the issue is the division of property which, however, is very difficult. Ukraine's share of the property of the former USSR is 16.3 percent. So far, however, it has not received any. There were problems also with the division of the Black Sea Fleet. Ukraine insists that the fleet should not be divided, for a division would diminish its significance.

"We believe that the problem of the fleet will be resolved but we fear that relations may become tense concerning the territorial solution," Pavlichko said. "We insist that the borders remain the same as they were within the framework of the USSR. However, Russia insists that we should surrender Sebastopol. We know that Sebastopol is of great historical significance to Russia, but if we start making concessions, at that point Russia would have to

concede parts of its territory to Germany, Salonika would have to go to Macedonia, and so on. This could lead to war."

At the end of the two-day visit, Dmitriy Pavlichko made the following statement:

"The Ukrainian Parliamentary Delegation is returning to its country with very strong impressions and beautiful memories of Macedonia. We are confident that your country is building its independence and prosperity democratically and peacefully. We are returning with strong arguments to the effect that there are no obstacles to the imminent recognition of the Republic of Macedonia by Ukraine. On our return, we shall acquaint our parliament of this and we hope that the recognition and establishment of diplomatic relations between the two countries will follow very quickly. Our parliament is now in recess until 3 September, and I expect that at the first session a positive resolution on the recognition of Macedonia will be passed. The reason for which we have not done this so far was the fear of our diplomacy that any hasty recognition could trigger in Macedonia as well a situation similar to that of Bosnia. The Ukrainian public was told that the entire area of the former Yugoslavia is one single wound which should not be touched by anyone. After our visit here, however, we have gained a very different picture.

"We visited many places where Slavic literacy was born and our impressions were strong. As to the influence of Greece in terms of our attitude toward the recognition of Macedonia, I believe that even if Greece is not pleased, this will not influence our decision. The only influence, I repeat, is the situation in former Yugoslavia, which delayed our recognition."

[Box, p 2]

Resumption of Traditional Relations: Stevo Crvenkovski Received the Parliamentary Delegation of Ukraine

Yesterday, Stevo Crvenkovski, minister of relations with foreign countries of the Republic of Macedonia, received the Ukrainian Parliamentary Delegation that, following the invitation of the Assembly of the Republic of Macedonia, paid a two-day visit to our country. The delegation was headed by Dmitriy Vasilevich Pavlichko, chairman of the Commission for International Relations of the Supreme Soviet of Ukraine.

In the course of the discussion, the need was stressed to renew sooner traditional relations between the two nations and raise such relations to the state level.

The guests expressed their gratitude for the possibility of obtaining first hand information on the current situation and democratic processes in the Republic of Macedonia. They expressed their support for the efforts made by our country for the preservation of peace in the area and the belief that Ukraine must make sooner its contribution to such efforts and organize comprehensive relations and cooperation with the Republic of Macedonia, the Ministry of Relations With Foreign Countries of the Republic of Macedonia stated.

Fikret Abdic Strengthens Power in Cazin*93BA1352E Belgrade BORBA in Serbo-Croatian
26 Jul 93 p 10*

[Article by Milenko Maric: "Bihac: Cazin Border Area Boils Over, 'Babo' the Sovereign Master"]

[Text] Prognoses that weapons will play a role in the unraveling of the Bihac knot, which Fikret Abdic [member of the Bosnian Presidency], on the one hand, and Izetbegovic's closest men, on the other hand, have been braiding for a long time, have come true. In the mutual settling of accounts between Muslim military and civilian police in central Bihac, two civilians, a military policeman, and a woman have died. Two military policemen have been wounded. Radio Bihac cites no details about the motives for this act, except that the regional governments and district assemblies have characterized it as a terrorist act, with the statement that relations between the Muslim military and civilian police have seriously threatened the political-security situation.

"Babo's" Battle for Bihac

Since the disputes between Fikret Abdic and the first man of the rump presidency of the former Bosnia-Herzegovina, Alija Izetbegovic, are not of a recent date, it is not difficult to assume that the atmosphere has become red-hot between their adherents. With the impossibility or lack of desire to participate in creating the policy of the collective leader of the state, as a member of the presidency, Fikret Abdic returned 15 months ago to his homeland, Velika Kladusa, where, as he stated himself, he is occupied with "business matters." However, it is no secret that "Babo" has also been very busy in politics, consolidating his authority, displacing followers of Alija Izetbegovic, claiming that they are extremists. Like the satisfied man with the "sparrow in the hand" instead of a pigeon on the branch, Abdic has dedicated himself to creating an autonomous government in Bihac district, which will not be under the control of Sarajevo, turning to Zagreb as the sole outlet to the world. "Babo" is today the sovereign master of the situation in four townships (Bihac, Velika Kladusa, Cazin, and Bosanska Krupa) with 300,000 inhabitants, where he has control over the authorities and the support of the people.

Two Billy Goats on a Log

Where Velika Kladusa, Cazin, and Bosanska Krupa are concerned, this is not even news, because Abdic is as if in his own home in these townships. However, the story is different regarding Bihac, in which he did not have much influence before the war, and where Izetbegovic had his

strongest base. And just when it was believed that Abdic's political battles for Bihac were crowned with success and a definite defeat of the Izetbegovic movement, there appeared on the scene Rasim Drekovic, commander of the Fifth (Bihac) Corps of the Muslim Army, who threatens that he will eliminate through force Abdic's strongest pillar of authority, director of the Center for Public Service Irfan Saracevic. Considering that military commanders carry out an order from the supreme military command, which in this case was not announced publicly, but a request for the replacement of Saracevic was directed from the Ministry of Internal Affairs of the former Bosnia-Herzegovina, who is responsible for this, one gets the impression that Izetbegovic is "producing" his commander, who should control the power and popularity of the political adversary of Fikret Abdic.

Therefore, it wasn't accidental that Fikret Abdic recently released an open letter (to Alija Izetbegovic), in which he requests assurances of complete subordination in relation to the Presidency, the Supreme Army Command, military corps commanders, "because the lack of confirmation of subordination with the Bihac District has caused relations to worsen between the army and the police due to the order that is causing them to clash," writes Abdic.

Estimates as to the point at which this dispute will begin to boil are distasteful. Fikret Abdic has publicly accused Izetbegovic, Ganic, and Silajdzic of having not done anything good for the Muslim people in 15 months of war and of having done everything (that they have done) wrong. He invites them to a dialogue for the resolution of the crisis, because "there is no room at all for the luxury of leading the people into a catastrophe in a politically imprudent manner."

The Price of Success—A Mined House

"Renegade," "putschist," "enemy of his people," as the Sarajevo media, under the control of Izetbegovic, often call Fikret Abdic, traveling, in the company of tight security, "his ministate," but spending most of his time near Rijeka in the same villa where he stayed six years ago during the "Agrokomerc" affair. People close to him do not believe that Izetbegovic will take the risky step of eliminating his rival by military means through Drekovic, in order to return the Cazin-Bihac Border Area to the "Queen Bee." In that case Abdic is on his territory, while Drekovic was born in the Sandzak. The people of Sandzak between the border Muslims are famous as extremists, by whom one "shouldn't be tricked."

This time neither war nor peace between the Cazin-border and Bihac Muslims prevails in the feverish atmosphere. This is particularly true of Bihac, where the

ruling SDA [Party of Democratic Action] is divided into two movements. At the moment Mr. Nenad Ibrahimasic, Abdic's man, mayor of Bihac, is at the head of the stronger movement. He has replaced Dr. Irfan Ljubijankic, a trusted Izetbegovic man. The high price of this personnel slash has been paid by Fikret Abdic, whose birth home in Velika Kladusa was mined the night before. At the moment, Izetbegovic does not have his followers in these western border districts except Drekovovic, so "Babo," in truth not without scars, is the sovereign master.

[Box, p 10]

Recall of Izetbegovic

After the open letter to Alija Izetbegovic, which member of the Presidency of Bosnia-Herzegovina Fikret Abdic sent, in which he criticizes the no. 1 man for taking dangerous steps in carrying out war and policy, meetings have been held in Cazin district at which the recall of Izetbegovic has been sought; 34 (Muslim) council members of the Assembly of the Township of Bosanska Krupa supported Abdic.

Debt Extortion Sentences Announced in RSK

93BA1370F Belgrade BORBA in Serbo-Croatian
4 Aug 93 p 11

[Article by M. Mihajlovic: "Debt Collectors From the RSK Convicted"]

[Text] Krusevac, 3 Aug—After a two-day hearing in the Opstina Court in Krusevac, a panel of three judges headed by Judge Ljubodrag Vukovic today pronounced sentence on debt collectors. The protagonists in this entire event, which has disturbed people in Krusevac and which, according to the indictment, was led by Sergej Veselinovic, former minister in the government of the RSK [republic of Serbian Krajina] and a former deputy, received the minimum sentences, although they had maximum security during the trial. They were regularly guarded by more than 10 or so members of the Krusevac MUP [Ministry of Internal Affairs], and all those present in the courtroom, even journalists, were carefully searched before entering the courtroom.

After deliberation, the court in part honored the indictment with respect to the crime, but did not sustain the insistence of the Prosecutor's Office that the accused be kept in pretrial custody and stricter penalties pronounced against them.

Sergej Veselinovic was sentenced to four months for extortion and three months for carrying firearms without a license, and was thus sentenced to a single term of five months in prison. Nikola Stefanovic, who was tried in absentia, because he is at large, received the same sentence for the same crime. Miladin Katanic, an accomplice in this crime, was sentenced to four and a half months of prison for extortion, but he was acquitted of the charge of carrying a firearm, because as a member of a special-purpose unit of the Serbian MUP he had a service revolver. Although the indictment charged him with the same crime as the first three, the defendant Branko Gajic, member of the RSK MUP, was acquitted of the charge because his lawyer, Veroljub Fukelic, proved that he had the least to do with committing the crime of extortion.

All the defendants will have to pay the court costs jointly and individually, and the injured party, Slavisa Spasic, owner of the boutique in Krusevac from which the group of people from Krajina wanted to collect 97,000 marks [DM] by extortion in collection of an alleged debt to Tomislav Stevanovic, was instructed to file a private suit against the defendants, because he gave them DM3,950, 1,070 Swiss francs, 1,700 French francs, and 1,700 Austrian schillings.

After the verdict was announced, all the defendants were released.

*** Indebtedness Reduced by Account Cross-Balancing**

93CH0844B Prague HOSPODARSKE NOVINY in Czech 13 Jul 93 p 1

[Article by (fr): "Account Cross-Balancing Has Reduced Insolvency in the Czech Republic by More Than 10 Billion Korunas"]

[Text] *Despite the fact that consideration was originally given to the mutual account cross-balancing of 40-50 billion korunas [Kc], we consider the account cross-balancing operation to have been a success, stated Richard Sabela, deputy minister of industry and trade, at yesterday's press conference in Prague.*

Overall, some Kc20.5 billion worth of claims and obligations in the Czech Republic [CR] were subjected to account cross-balancing, and insolvency was reduced by Kc10.3 billion. The success rate was thus 22.3 percent. In the Slovak Republic [SR], some Kc8.1 billion were treated the same way, and insolvency was reduced to Kc4 billion. An analogous computation of success here shows a success rate of 18.3 percent.

On Monday, the enterprises participating in the operation (3,297 in the CR and 1,655 in the SR) were sent cross-balancing listings and instructions on how to purge their financial flows, Deputy Sabela stated. The entire campaign should be completed by the end of this month. In the CR, the listed number of participants involves 3 percent of all legal entities, with probably none of the large industrial enterprises being left out.

The total volume of deposited claims in the CR amounted to Kc112.4 billion. In the case of Kc75 billion of reported obligations, the enterprise in the end confirmed only Kc46.1 billion worth, which were then also utilized.

Overall, approximately 102,000 processible connections were identified, as well as 20,000 closed cycles and 16,000 open structures. Of the Kc1 billion that the Fund for National Property for the CR had made available to the operation to solve open cycles, approximately Kc586 million was used. Among those enterprises whose financial situation improved by an order of magnitude of hundreds of millions of korunas due to their participation in the operation, it is possible to identify, for example, Skoda Plzen, Nova Huf Ostrava, and Poldi Kladno.

Deputy Minister Sabela did not rule out the fact that the just-completed account cross-balancing operation might not be the last of its kind and that a second round might take place in the fall. In that case, the results could be available at the beginning of November.

*** Dlouhy Satisfied With Debt-Reduction Program**

93CH0844A Prague PRACE in Czech 13 Jul 93 p 1

[Article by (jik): "Minister Dlouhy Is Satisfied With Debt Reduction"]

[Text] *Prague (jik)—The long-anticipated results of the greatest debt reduction involving our enterprises was announced yesterday by Vladimir Dlouhy, minister of*

industry and trade. Secondary indebtedness declined by 14.3 billion korunas [Kc] and required the expenditure of a mere Kc580 million of a set-aside of Kc1 billion. The program was participated in primarily by the larger entrepreneurial entities. Czech enterprises rid themselves of their debts better than did Slovak enterprises.

Almost two months ago, on 19 May, data began being collected from entities registered in the Commercial Register, and data collection terminated on 15 June. In contrast to an entire series of similar programs, the time schedule was successfully adhered to this time. That is why it was possible for V. Dlouhy to present the final results yesterday. The entire program involved the territory of the former federation because the claims and obligations also involved enterprises of the former CSFR. On the Czech side, the entire operation was entrusted to a consortium, consisting of the Industrial Institute for Cross-Balancing, the Creditax Corporation, and the Credit Management Corporation. In Slovakia, obligations and claims were collected by FIZAKO, Limited.

Almost 5,000 entities out of a total of 112,000 participated in the account cross-balancing operation. Some 35 percent more claims than obligations were filed. The demanding operation, involving computers and specially developed software, lasted almost one month. More than 20,000 cycles were identified, with the longest open chain reaction involving 127 enterprises. Computers attempted to untangle the complicated ties between creditors and debtors. Always, the last one in the cycle was settled with funds from the set-aside billion, which was made available by the Fund for National Property. Care was taken to monitor that Czech korunas did not flow to Slovakia and vice versa. For entities from the Slovak Republic, resources were set aside by the Slovak Republic Fund for National Property.

The total sum involved in reducing insolvency amounted to Kc14.3 billion. Of that amount, debt in the Czech Republic was reduced by Kc10.3 billion, at a 22.3-percent success rate, compared to an 18.3-percent success rate in Slovakia. Each deposited koruna assisted in settling obligations and claims worth an additional Kc15, precisely in accordance with the program upon which the consortium had agreed. Consortium profits will amount to 2 percent of the amount of debt reduction.

All enterprises that submitted their obligations and claims for settlement will be notified by an account cross-balancing listing within two weeks. On the basis of that information, they may then purge their balance accounts and write off the cross-balanced obligations and claims.

* Church Takes Stand on Election Issues

* Bishops' Letter to Nation

93EP0323A Czestochowa NIEDZIELA in Polish No 27,
4 Jul 93 pp 1, 11

[Polish Episcopal Conference Letter to the Nation:
"Polish Bishops' Address on Parliamentary Elections"]

[Excerpts]

Introduction

It has been four years since Poland regained its independence and sovereignty. The nation began the work on its future by choosing the Sejm and the Senate in free elections. We had addressed the believers before that great moment. Today a new parliament has to be elected. Therefore, we have decided to talk about this important issue again. We are speaking as the shepherds of the nation of believers. [passage omitted]

How Do We See the Current Situation?

The recent developments in Polish political life, while distressing to many, are nevertheless expressions of a process in which society takes charge of its destiny and develops democracy. We are in a transitional period from totalitarianism to democracy. It is an unprecedented situation, a source of concern and even perils on the one hand, and of hope on the other. The totalitarian system destroyed democratic structures of the state and weakened the societal sense of responsibility. That has to be changed. The way to accomplish that goal is to create a multiparty political system and a free-market economy based on the rule of law, as well as to search for an effective social policy that would protect the interest of various social strata. However, the most crucial element of the process is man's inner transformation. We are aware of the fact that the changes in Poland are accompanied by such side effects as unemployment and a lack of stability and fear of the future in both the city and the countryside, especially among the poorest strata. Another factor is far-reaching pauperization of the whole society and a lack of career prospects for the youth. We are in a crisis, the solution of which depends on the attitude of the whole society—that is, on each of us.

Moral Duty To Vote

In a democratic system, everyone is responsible for the shape and nature of all democratic institutions, such as the legislative and executive branches of the government, as well as the local self-government. We have learned that even one vote can make a difference. Therefore, the bishops urgently appeal to all citizens to participate in the coming elections. The future of the Polish democratic system and, subsequently, the common good of the whole nation will depend on this. Every citizen is supposed to participate in elections—that is, in the process in which the common good is determined. The individual good of every man comes to

fruition in that common good. Moreover, it is a duty of every believer because one cannot be a good Catholic without being a good citizen. If one refrains from participating in elections, one shows one's lack of concern for the common good of the nation and thus commits a serious sin of negligence. "Catholics have a civil, national, and religious duty to participate in elections" ("Polish Episcopate's Address on Participation in Elections," 1946, Part IV, 3). Furthermore, one cannot forget that the new parliament has to tackle such critical issues as writing the new Constitution, among other things, which will determine the future of the Polish Republic.

The church, aware of the special role it has always played in our fatherland, is concerned with the plight of man and educates him to act for the common good. Even though it neither identifies itself with the political arena nor develops ties to any political system, it nevertheless speaks out on any important social or political issue "as a guardian of the moral order and the conscience" (John Paul II, "Address to the Polish Bishops," Rome, 15 January 1993). It does so because the church is a symbol and a guarantor of the transcendent character of the human being (see GS [expansion unknown], No. 76). That was what the church did in past decades and what it does today. By taking a stand, the church defends man, especially the poor and the wronged ones. "The church neither is a political party nor does it identify itself with any political party. It is above political parties, being open to all people of goodwill. No political party has the right to represent the church." (John Paul II, *Ibid.*).

The church has great experience in matters of human nature. At the same time, its duty is to analyze reality and to explain it in terms of the Gospel. John Paul II writes: "It is a task of Catholic believers concerned with the good of their community—the common good of all people and the whole man at the same time—to participate directly in the political process. No matter how repulsive one finds politics, that does not justify either Catholics' skepticism about it or the lack of their participation in public life. While they have a right to abstain from politics, their moral duty is to participate in it. Furthermore, that is their calling. However, one has to emphasize that Catholics' political choices must follow the evangelical system of values (John Paul II, *Ibid.*).

Priests and bishops do not participate in public political debates or party fracas. Neither do they participate in the election campaign or run for parliament themselves. However, they do point out the moral principles and criteria that Catholics should follow, in accordance with the church's teaching, when electing their representatives.

Principle of the Common Good

The common good is a sum of all social, economic, political, cultural, and religious factors, thanks to which man can fulfil his destiny. What constitutes the common good in the realm of the state is, among other things, the good of all social groups, especially the family as the

basic societal arrangement. More specifically, the common good would require adequate wages (which would enable one to sustain one's family in a decent way), guaranteed health care, education at an appropriate level, and the fullest employment possible. In addition, the common good entails efforts to prevent the development of the privileged social strata and strives for a proportionate adjustment of prices to wages; making cultural goods and services accessible to the broadest public; the liquidation or at least the limitation of disproportions between particular sectors of the economy—that is, between agriculture, industry, and services; better coordination of production and services, especially services provided by the public sector; the inclusion of scientific and technological innovations into the production process, wherever possible; and, finally, making sure that not only the current but also the future generation benefits from the accumulated wealth of society (see MM [expansion unknown], No. 9).

We understand that the common good, as envisioned here, can be achieved only as a result of a lengthy process that requires the participation of the whole society. Proper participation in the coming elections is one of important stages in making that happen.

Society should decide about all of those issues by way of elections. In a democratic state, the basis of which we are building, there is a direct correlation between voting and democracy. The church has recalled that principle time and again. As early as 1946, on the eve of the first elections in Poland after World War II, the bishops wrote: "The nature of a democratic system is contained in the calling upon all citizens to participate in government so that they share responsibility for the state. Because the citizens cannot perform all of those duties directly by themselves, they should appoint, through elections, those who will honestly perform the duties of the citizens for them." ("Address," Part II).

Main Criteria of Choice

Given the above, Catholics are not supposed to elect candidates or vote for programs that are hostile toward the good of the nation, the society, and the state or that are incompatible with the principles of Christian morality. Furthermore, they are not supposed to vote for people who only seek advantage and profit for themselves or who have been involved in corruption or swindles. We have learned a painful lesson—that, among those elected in the previous elections, were people who did not meet societal expectations.

Catholics should vote then for candidates who are credible, competent, trustworthy, honest, conscientious, and outstanding in their work for the common good. Finally, they should vote for those who offer positive programs, not sheer criticism. At the same time, we appeal to all those who wish to run for the future parliament to follow the principle of public service. We want them to surrender their private, local, and party interests to the cause of the common good. Only that would justify one's

running for an honorable seat in the parliament. The church teaches that "politics is one of the ways—difficult but not the only one—of following the Christian duty to serve one's fellow man." At the same time, "political power, while constituting a sort of natural bind that keeps society together, is supposed to strive toward the common good" (OA [expansion unknown], No. 43).

In contrast to previous parliamentary elections, we now have more time to get acquainted with the candidates and their programs so as to determine whether they adhere to the principles described above.

Facing an attack by secular forces against Christian and sometimes even national values, Catholics should concentrate all their efforts to save those values. The point is that democracy deprived of elementary values sooner or later deteriorates or even changes into open or disguised totalitarianism (see CA [expansion unknown], No. 46). Given the fact that the postcommunist political forces have consolidated their ranks, we cannot forget our painful experiences of the recent past.

Appeal

May those efforts be accompanied by the avid prayers of the entire Polish church so that God, with the help of the Holy Mother, the Queen of Poland, and our saints, will let us all overcome this time of crisis and build the future of our fatherland on the foundation of truth and justice, in the spirit of accord, love, and solidarity.

On 25 March 1993, the dioceses across Poland once more read our pledge of allegiance to the Holy Mother. On 26 August, we will do it again on behalf of the entire nation at the Czestochowa monastery. We believe that the one who "helped us in defense" throughout the centuries will help us to overcome the current difficulties so that we can follow the way shown by her son, the redeemer of man.

Poland's Cardinals, Archbishops, and Bishops, at the 262d Episcopal Conference

* Politicians Respond to Letter

93EP0323B Poznan WPROST in Polish No 29, 18 Jul pp 30-32

[Article by Maciej Luczak: "Christening of Coca-Cola"] [Excerpts] [Passage omitted] Soon after the president dissolved parliament, the bishops participating in the 262d Episcopal Plenary Conference drafted a letter to the nation that addressed the issue of participation in elections. The letter included a fragment of John Paul II's address: "The church does not identify itself with any political party. It is above political parties, open to all people of goodwill. No political party has the right to represent the church."

"I give the bishops' stand a high mark," says Jerzy Turowicz, editor in chief of TYGODNIK POWSZECHNY. "Particularly important is their statement that the believers have a duty to participate in

elections. Furthermore, the episcopate has quite clearly refrained from giving any specific directives, which, I think, suggests that it has learned a lesson from the previous "shortcomings."

Maciej Ziemia, a Dominican friar and a professor at the Papal Theological Academy, thinks alike.

"You do not make the same mistake twice," he says. "The Polish church did not have experience as far as the democratic political scene was concerned. It is still studying that subject. As long as it is willing to learn, I am an optimist."

The coming elections will show whether Minister Jan Maria Rokita was right when he accused the Catholic Church of withholding support for the reforms under way in Poland. It is particularly important in a situation where, as it turned out, Polish society did not welcome democracy as enthusiastically as it bade farewell to totalitarianism. The elections will also prove whether the church's reconciliation with democracy means that it had radically abandoned the idea of a Catholic state. According to Prof. Fr. Jozef Tischner, "Just as it is possible to be absolved for having eaten meat on Friday in specific circumstances, it is possible to be absolved for having promoted such a concept of the state." For example, the abortion debate showed that the opponents of the referendum on abortion had practically said "no" to the principles of democracy. Alain Besancon, French historian and political scientist, argues that "the superiority of human values over God's will makes it impossible for the church to fully accept democracy, which undermines the idea of absolute truth."

According to Krzysztof Pomian, a historian and a professor at the Centre National de la Recherche Scientifique in Paris, the church is a hierarchical organization, based on the principle of co-optation. Access to information within the church is limited; it depends on one's position. Therefore, the foundations of the church and a democratic society are contradictory. The precondition of the church's playing a positive role in a democratic environment is its abandonment of any political aspirations.

The separation of church and state is a "democratic standard." While those organizations are autonomous, there are nevertheless some spheres in which their prerogatives overlap. [passage omitted]

A rational explanation of democracy and the market economy, which would point out their beneficial effects, is not enough. It should be reinforced by the church's blessing—be "christened," in a way. The fact that some priests have christened the newly opened Coca-Cola plants cannot make up for the fact that the church has not made efforts to ingrain the ideas of democracy and the market economy in Polish society, says Janusz Lewandowski, minister of ownership transformations.

The vision of an economic order, contained in the bishops' letter, clearly differs from liberal concepts. One

can rather describe it as "social-democratic." The "Polish Bishops' Address on Parliamentary Elections" contained the following passage: "The common good entails efforts to prevent the development of the privileged social strata and strives for a proportionate adjustment of prices to wages; making cultural goods and services accessible to the broadest public; the liquidation or at least the limitation of disproportions between particular sectors of the economy." According to Minister Janusz Lewandowski, while the newest papal encyclical has adopted the view that there is no "third way" [apart from capitalism and communism], the church will never be able to make entrepreneurs sleep in peace and will always be more inclined to support the welfare state arrangements than is necessary from the point of view of a market economy.

In turn, Jozef Olechowski, deputy chairman of the SLD [Democratic Left Alliance], likes the church's economic program a great deal. "The church's social-economic doctrine is close to ours in many areas," says Olechowski. "Too bad that, at the same time, the church resorts to the red scare and calls upon the Right to unify its ranks so as to shatter 'leftist and liberal illusions,' which is contradictory." The bishops' letter also contained a warning: "Given the consolidation of the post-communist political forces, we cannot forget our painful experiences of the recent past." In addition, the letter called on society "to concentrate all of its efforts in the face of an attack of secular forces against Christian values."

However, politicians agree that the church hierarchy will probably not make any preelection mistakes.

"I am convinced," says Zofia Kuratowska (Democratic Union), speaker of the Senate, "that priests will participate in the election campaign in their parishes, supporting some candidates while opposing others. Even the head of the Polish church cannot prohibit individual priests from doing that. Unfortunately, the people of Poland live in fear again. This time they worry whether the parish priest will christen their child or visit someone on his deathbed. It will take another 20 years before we get rid of all of these fears."

However, priests do not live in a political vacuum. While being capable of influencing their parishioners, they themselves can be subjected to various pressures.

"Priests are adopting the political language and the vision of the world favored by various political parties. It is even more visible, given the fact that our church's teachings lack a metaphysical dimension. It is only natural for a priest to have political preferences and the right to pass them on to others, provided he does not do so from the pulpit," says Fr. Jan Andrzej Kloczkowski, a philosopher and head of the department of the philosophy of religion at the Papal Theological Academy in Krakow.

The elections will take place at a time when the popularity of the Catholic Church in Poland is down, as

indicated by public opinion polls. In four consecutive years, it has taken less and less time to complete the Corpus Christi procession in Czestochowa, Poland's religious capital. The 1990 procession took three hours and 45 minutes. The one in 1991 lasted three hours. In 1992 it ended within two hours, while this year it was over after 45 minutes (like the first half of a soccer game). According to Stefan Niesiolowski, the Christian-peasant coalition, established by his party (the ZChN [Christian-National Union]), will get 10-15 percent of the votes.

* Increasing Involvement in Drug Trade Assessed

* Distribution Viewed

93WD0704Z Poznan WPROST in Polish No 28,
11 Jul 93 pp 37-38

[Article by Stanislaw Janecki: "Ecstasy in a Pill"]

[Text] In April 1993, in a hotel room in Rudolphstein in Bavaria, the police discovered a chemical laboratory. The plastic barrels contained a supply of a concentrate of so-called *polnische Suppe* [Polish soup], known in Poland as "*kompot* [*compote*]." "*Tourists*" with Polish passports were caught in the act.

The weekly DER SPIEGEL, writing about *polnische Suppe*, pointed out how quickly the preparation was winning Western markets, thanks to intense activity and low prices. Polish dealers also spread a romantic aura of a return to the "flower children" and the legends of LSD. *Kompot* was to be its successor, one supposedly praised by Polish rock groups as LSD had its hymn in the Beatles' song "Lucy in the Sky With Diamonds."

In the opinion of Gerhard Seiler, the mayor of Karlsruhe, *polnische Suppe* leads even more quickly than heroin to a tragic end.

In the casino in Bad Bentheim in Lower Saxony, the remains of a cook's helper were found; there was a supply of *kompot* in his pocket. In Kressbronn, in a tourist bus from Poland, two 20-year-old passengers showed no sign of life: One was no longer alive; the other was saved in a hospital. The overdose again was of *polnische Suppe*.

The Federal Criminal Office has judged this drug "the most dangerous and the most easily available narcotic in Germany. It is dangerous due to the frequent impurities, which in themselves are strong poisons." The relatively low price—20-30 German marks per injection—facilitates the dissemination of *kompot* among the youngest addicts. Poles distribute single portions in needles packaged in plastic wrapping. Two recent victims from Hanover and Ludwigshafen were mere teenagers.

In the report of Berndt Schmidtbauer, the secretary of state in the Chancellor's Office, Krakow and Warsaw were considered the "key centers for smuggling narcotics" from the countries of the so-called Golden Crescent:

Iran, Pakistan, and Afghanistan. At a meeting of the Federal Cabinet, a report titled "Narcotics, Money-Laundering: The International Situation" was presented. It says that the Warsaw airport is a center for narcotics transit for couriers from India and Bangkok moving goods to Western and Northern Europe. The ports of Gdansk and Szczecin are also supposed to be important intermediate points. In that report, Poland is frequently mentioned, although without its role being demonized.

The report of the Government Office for the Press and Information considers Poland, in addition to the Netherlands, "a significant producer of synthetic hallucinogens." The products of about 200 Polish amphetamine laboratories go to the European markets, and around Warsaw, Lodz, and Szczecin alone, there are 15 large producers.

On 3 March 1993, the customs service of the FRG stopped a Polish citizen, W.Z., attempting to smuggle 30.6 kg of heroin. The shipment came from Gdansk and was intended for a customer in Hamburg. At the beginning of January, also in Hamburg, two Poles, W.S., 37, and W.C., 42, set a peculiar record: A shipment sent from Nigeria for Jelenia Gora contained 6.5 tons of marijuana. The freight bill listed furniture and wooden knickknacks; the narcotics were welded into metal barrels placed in the sealed container.

Even the draconian penalties for possessing and selling narcotics in the countries of East Asia and the majority of Muslim countries have not discouraged exports of "Polish narcotics technology." A Pole caught attempting to smuggle drugs into Thailand in May 1991 was sentenced to life imprisonment only, thanks to the custom of easier treatment for foreigners. In recent weeks, however, that tradition has ended; Johannes van Damme, a Dutchman, received the death sentence. Several Poles are in Thai prisons with sentences of from 15 years to life.

Using Poles as couriers to carry cocaine from Colombia, Peru, and Ecuador is an innovation. In May 1993, the criminal court sentenced one of them, stopped in Quito in November 1991, to four years' imprisonment; he is to be held in the Rehabilitation Center for Men—in fact, a hard-labor camp. The Pole must also pay a fine equivalent to 60 months of the average wage.

In many European countries, even being stopped on suspicion of narcotics smuggling does not lead to a sentence due to legal complications in proving guilt. Stopped in August 1992 in Devon, in England, the crew of a Polish yacht, with a load of 2.8 tons of hashish on board, was released by the court from the charge of "conscious participating in smuggling." However, on the same day, a 15-year-old Polish female was sentenced to 15 years in prison.

Polish dealers have captured a part of the drug market in Amsterdam previously dominated by black Americans: the area around the Dam, Rembrandt Plein, and the Hotel Krasnapolsky. The unusually liberal Dutch law

helps the Poles avoid criminal responsibility. The situation is similar in Sweden, where free access to the weakest narcotics in the form of controlled doses has been introduced. Reportedly, the controlled market is an easy goal for the renewed expansion of LSD and Polish ecstasy pills.

For the first time since 1976, the consumption of all narcotics is declining, with the exception of LSD and ecstasy. Those "supposedly" weak agents have already caused a doubling in the number of addicts, and, among those in the age group 15-19, there has even been a tenfold increase.

Even before the European police Europol was created, its antinarcotics unit, the Europol Drug Unit, began to operate even in Poland. That unit coordinates operations in the investigation of international courier groups and controls routes for smuggling narcotics from the Golden Crescent through Georgia, Ukraine, Belarus, and Poland.

* Dealer Interviewed

93WD0704Y Poznan WPROST in Polish No 28,
11 Jul 93 p 38

[Interview with a drug dealer and producer named Tomasz, by Magdalena Chabinska and Michal Bulak; place and date not given: "A Mobile Laboratory"]

[Text] Tomasz is 26 and looks like a student, but he does not live on a student stipend. He is a "Polish courier" for an organization that produces and distributes amphetamines.

[WPROST] When did you begin to deal in narcotics?

[Tomasz] Three years ago, during a vacation in the West. I was hitchhiking with a Dutchman, who offered me a job and housing. I agreed. For several months, I lived at his place, helping to repair cars and doing work around the house. Only now do I know that I was closely watched the entire time and checked for suitability to this work. What I was actually supposed to do I realized when he took me to get the goods.

[WPROST] You weren't afraid?

[Tomasz] I have always treated it as a kind of adventure, a once-in-a-lifetime experience. No one forced me to do this; I did not have to do it in order to get goods. I do not gobble drugs and never have. In any case, complete abstinence is a hard rule in the selection of people.

[WPROST] What was your job?

[Tomasz] I weighed and packaged hashish and cocaine, and later I covered my boss during transactions. There is nothing sensational about those operations; the exchange takes place in places where there are a lot of people—for instance, in a parking lot in front of a supermarket. No rifles, no pistols, no shouts.

[WPROST] Why then the cover?

[Tomasz] My boss treated narcotics like any other business. The difference was that here competition between competitors is more ruthless.

[WPROST] That is why you did not remain abroad?

[Tomasz] I did not get into this business for money. When the adventure began to bore me, I decided to return to my studies in Poland. When I left, I left the Dutchman my address and invited him to visit me purely out of courtesy. However, in 1990, my former boss offered me a meeting. Why should I have refused? I did not think the meeting would decide the future of my life. It turned out that my boss had begun to think about organizing a laboratory to produce amphetamines. Poland seemed to him the best country.

[WPROST] You agreed?

[Tomasz] At first I did not think I would be able to implement that wild idea. However, the difficult situation in the budget sphere enabled me to quickly find specialists, which one can only dream about in the West. Now there are five of us, all with diplomas from the best Polish universities.

[WPROST] Recently, several amphetamine factories have been liquidated. You are not afraid of an offensive by the police?

[Tomasz] The money from the production and the sale of amphetamines is sufficiently great to anaesthetize the fear. Even if a courier is caught, the information they would get about us would guarantee us our anonymity. Very frequently, every seven or eight months, we move our laboratory to another city.

The current, almost luxurious, situation can change if the authorities are able to eliminate the cultivation of poppy with a large opium content. Then our product will monopolize the market, and the earning will be even larger, but the number of our clients will also increase dramatically. And that will triple the risk.

[WPROST] Are you still producing amphetamines for adventure?

[Tomasz] No, today it is my occupation. I earn several thousand dollars, even as much as \$12,000 to \$19,000 a month.

* Severity Assessed

93WD0704X Poznan WPROST in Polish No 28,
11 Jul 93 pp 35-36

[Article by Bartlomiej Lesniewski: "The Fragrance of a Green Apple"]

[Text] In recent times, according to estimates by Monar, after several years of turning away from the "fashion of taking," the number of drug users in Poland has increased significantly. It is estimated that there are 300,000 of them; among them, 100,000 are addicts and require treatment. *Kompot* [compote] from poppy,

which took over the Polish narcotics market in the 1980's, is now used by only 50 percent of drug users. The hits are substances based on amphetamines: They are used by about 30 percent.

The remainder smokes marijuana or hashish, uses psychotropic drugs, bought or stolen from pharmacies or smuggled in from the post-Soviet republics. The richest choose the classic imported narcotics—cocaine, heroin, hashish, LSD, and PCP.

"All of this means that, in Poland, it is five past noon," says Marek Kotanski, the founder and leader of Monar. We had a chance not to let the world drug gangs into Poland; unfortunately, we have lost it for good."

The "world gangs" have taken over 40 percent of the market, and the sales of their goods are constantly growing. They are more ruthless opponents, stronger financially, and much more resistant to police action than the old "amateurs" selling *kompot*.

The difference between the amateurs and the world gangs is primarily a result of their method of production and distribution of narcotics. The production of *kompot* is based on a simple recipe: Anyone can make it who has a set of normal pots and access to the raw material—poppy straw. Thanks to that, the majority of production was done in thousands of small batches in apartments or houses. Usually, the producers were the users themselves, who sold only what they did not use. Larger producers, like the one found in buildings belonging to a farmer from the Czeszochowa Voivodship, where, in addition to the apparatus, five liters of brew from poppy (the so-called *makiwara*), *ammonia*, and 93 sacks of poppy straw, are unusual.

"We found out about the existence and the scale of operations of the "world gangs" just a few years ago, after establishing close contact with the West European police forces," says one of the specialists in narcotics in the Main Command of the Police, an operations officer of the under-inspector grade. "They knew more about Poles in the narcotics mafia than we did. It turned out, as a result, that the largest sharks in this industry lived and operated in Poland in luxurious conditions. If someone was caught, it was not the most important people, but their couriers, and not in Poland but in the West, caught attempting to smuggle or to sell amphetamines."

If one takes into account the quality and the economic criteria, the producers of this narcotic would merit the title "Now Poland."

In Europe, we are not the largest producers of amphetamines; first place goes to the Netherlands. According to police reports, "we are, however, among the top five," and, most important, the domestic producers offer a product that has a good reputation for quality around the

world. The popularity of amphetamines is also constantly growing among Western drug users; it has properties that avoid a "narcotic hangover," which occurs after the use of other substances; it is easy to get used to it.

For that reason, nearly 100 percent of domestic production is sold in the West. The price of a kilogram of amphetamines has settled at the level of \$6,000 if the customer himself arranges the smuggling, and \$15,000 if the goods are delivered to the customer in the country of destination. Selling amphetamines in Poland was simply unprofitable; the local addicts were not able to pay such prices.

"Now all of that has changed," says the officer of the Main Command of the Police. "Although the Polish drug client remains poor, the zloty is now convertible, and the gang leaders have decided 'it is worth a try.' Moreover, everything indicates that it is precisely through Poland and not as before, through Yugoslavia, that one of the main narcotics-smuggling routes runs."

Besides, under Polish law, the drug mafia has a favorable situation: No one can be punished for possessing narcotics. That is an event on a worldwide scale.

Our market has thus become "easy to serve" and less risky. Prices for classic narcotics have fallen significantly; a way has been found to adapt the prices for amphetamines to the financial abilities of Polish young people. A gram of that substance in pure form, bought from domestic sellers, costs 200,000-300,000 zloty [Z]—expensive, but a mixture for injection can be prepared, containing a small quantity of amphetamines, that has the desired effect. The price of 1 cubic centimeter of "amphomixture" is the same as the price for a similar quantity of *kompot*: from Z20,000 to Z30,000.

"However, I think that that, in the language of an economist, is the so-called promotion price," says Marek Kotanski. "I assume that people from the industry are attempting to make the largest circle of customers as dependent as possible and build up an entire network of dealers, while the police and the appropriate institutions are still paralyzed. If they are successful, they will begin to raise the prices."

The producers, whose number is constantly growing, remain in hiding, but it is not hard to find them. One of them agreed to talk to a journalist through an intermediary who "would carry our questions on paper."

"I direct those interested in how it is produced to the university textbook *Practice and Elements of Organic Synthesis*, edited by Jerzy T. Wrobel, published by State Scientific Publishers in 1983. Look on page 651; I began there," he says in response.

The page contains a description of the reaction that synthesizes amphetamines; production requires a three-necked flask, a drop titrate, a return condenser, and reagents. In all, a cost of about Z7 million. According to

our informant—and his statements seem to agree with police data—the method described there has been improved: The initial raw material for the production of amphetamines is now butyl methyl ketone (BMK), used in the production of some artificial materials.

The reaction lasts about 12 hours. Initially, it produces a strong odor like that of “green apples,” and the condition for final success is having a chemical laboratory of moderate quality.

For that reason, the tactics of the gangs is to use “mobile laboratories. The equipment and reagents for production appear in laboratories operating in legal firms, even in university laboratories, a few hours before beginning synthesis; they disappear shortly after it is finished. For the police, there is an additional hurdle: A possible raid to catch the producer red-handed must take place during the last phase of the synthesis. If it is done too quickly, the specialist-producer can defend himself by admitting that he is conducting a reaction whose initial phase is similar but whose final effect is different and is supposed to be, for example, a material needed for the production of disposable cups.

It is easy to produce and easier to sell, and without great risk. Purchasing any narcotic is not at all difficult in Poland at present. In the larger cities, there are regular and intermittent sales points. The dealers wait for their clients in front of schools, attempting to get coworkers who have already become addicted. They can also be bought in so-called regular places: In Warsaw, there is one at the bus stop opposite St. Anne's; in Katowice,

around the train station; in Krakow and Poznan, around the Old Town Square. Addict-beggars are also good dealers.

“We know all that, but little comes of it,” says the officer of the Main Headquarters. “Where the drug gangs are concerned, one can prove something in practice about a producer or smuggler caught in the act, but it is unusually difficult to prove guilt against a dealer. If the seller and the buyer testify wisely, we are lost. We cannot punish them for ‘possession’.” That is the paradox: For possessing a bottle of moonshine, there is a stiff penalty; for possessing a kilogram of amphetamines, a slight inconvenience.

All the “heroes” of the press reports of the “liquidation of laboratories” and the “discovery in a trunk” are released after a while. The driver of the car with Warsaw registration, in which a few weeks earlier the Poznan police found a kilogram of amphetamines, admitted that “he had found the package along the road and was taking it to the precinct station.” After making that explanation, he was released, as the police admit unofficially, “for lack of a law.”

“The drug business has been going on in Poland for many years, but the guilty have so far not lost a hair off their heads,” says Marek Kotanski. “In practice, the risk is minimal—so small that one can suspect corruption. And on a grand scale.”

In spite of the fact that the police have known about the problem for years and that Poland has become a significant producer of narcotics in Europe, no one has ended up in prison for the production of amphetamines. Everyone caught “practically in the act” has been able to get off in court.

*** Proposals for Reuniting Romania, Bessarabia**
93BA1301B Bucharest ROMANIA LIBERA in Romanian 23 Jul 93 p 3

[Article by Victor Curcudel, president of the "Pro Bessarabia and Bucovina" Cultural Association of Brasov: "Three Approaches Toward the Return of Bessarabia"]

[Text] Recently, Mr. Mircea Snegur came to Romania. I followed this visit with justifiable interest and showed the same interest in the visit's results, which were widely publicized. Even so, they raised doubts and question marks in my mind. Somewhat earlier, Mr. Adrian Nastase remarked, with good reason, that a certain shared dose of "ignorance" is at work both in the Republic of Moldova, where it engenders a feeling of phobia about Romania, and in Romania, where the same ignorance kindles enthusiasm, and where a cocktail of utopianism and romanticism is the result. What can I say? I would say that if "lucidity" were to replace "ignorance," maybe people in Bessarabia would not reach the point of Romanophobia, while we here in Romania would not be mixing naive, ridiculous cocktails.

However, the specific message which I wish very much to convey is connected with the human side of our relations with Bessarabia. Without in any way belittling the importance of the economic integration of Bessarabia, I believe that integration on the human level is just as important, if not actually more important. Unfortunately, this human component of integration was poorly reflected in the statements made at the press conference; we may therefore presume that the negotiators did not look at this question as a matter of priority. On following carefully the press conference given at the conclusion of the discussions between the representatives of the two Romanian countries, I was left with a bitter taste because the situation of the church was not even mentioned—specifically, the situation of the Bessarabian Bishopric affiliated with the Bucharest Patriarchate.

I would like to delineate three desiderata which cry out to be resolved in the spirit of the human integration of Romanians from both sides of the Prut:

1. Citizenship should be granted to all ethnically Romanian inhabitants of Bessarabia. Freedom for Romanians to travel beyond the Prut will be brought about by the gradual elimination of police and customs barriers, until they are pared down to the minimum essential.

2. Another, very productive, path toward human integration between Romania and the Republic of Moldova is the act of reparation which would return the property of the Bessarabian refugees living in Romania. The state of Israel recognizes its sons and daughters even after 2,000 years of the diaspora. It welcomes them and funds them. But what about us, after only 49 years? During that whole time, however, wave after wave of Russian speakers invaded Bessarabia, where they were well received and comfortably settled. We are not asking for anything more than for that which belonged to us; not

even that much, but actually less: We want our native houses, where we were born and raised, and which we can look at today, when we go there, only from a distance or over a fence. Thus, we are asking for less than we left behind there. We presume that the Republic of Moldova possesses whole volumes of legislation, instructions, specifications, and regulations concerning the arrival and settling of Russian speakers, but it probably does not have even one single sentence or even one single line in writing which would establish the rights of its own sons who live in Romania. Paraphrasing Mr. Mircea Snegur, I would say: "The time has come!"

3. In Bessarabia, but also in northern Bucovina, there is a category of people toward whom the Mother Country, Romania, has an urgent duty to make reparations. This involves Romanians from these provinces, people who number but a few today, who, at the time World War II broke out, were carrying out their military service in the Romanian army. They were sent with their units to the eastern front, where many of them died, while others were wounded or were taken prisoner. Yet others who were luckier returned to our country; from there they were sent to the western front in Czechoslovakia; after that, the Russians repatriated them to Siberia. In their turn, the Soviets enrolled into the Red Army everyone they could find left in these provinces. Many, a great many, of these men found their eternal resting place around Budapest.

When the war came to an end, there were in fact two categories of veterans in these provinces. There were some, who had come from the Red Army, who enjoyed high regard and material advantages. But there were others, who had come from the Romanian army and who had fought on the eastern front, who not only did not enjoy any advantages, but who had to hide the fact that they had fought on that front and who were at a loss to explain away their visible disabilities. As far as I know, these men's present situation has not changed much—they have only been delivered from the specter of fear and intimidation. The moral and legal obligation toward them is and will remain that of the country which recruited them and sent them to the eastern front: Romania. It is to be hoped that the Veterans Association of Romania will do something for these veterans, who were and are their own.

*** Parliament Members Veto New Elections**
93P20255A Bucharest ADEVARUL in Romanian 3 Jul 93 p 5

[Unattributed article: "Poll of Members of Parliament Conducted by ADEVARUL Reporters on the Basis of IRSOP Criteria"]

[Text] Democracy presupposes knowledge and good information system. Errors can arise not only from intentionally created ignorance but also from prejudices, route, self-deception, and shortcomings which are ignored. We asked whether and how political oscillation

has been and still is reverberating in the ranks of the voters and to what extent the opinions of the population are known or barely understood by the people who represent them, who think they represent them, or who claim to represent them. With the best intentions of civic cooperation, we came up with the idea of offering members of Parliament the opportunity to compare the opinions of politicians about the current political situation with the opinions of the population, under strict scientific conditions.

Thus, the idea of a parallel poll was conceived. While the IRSOP (Romanian Public Opinion Poll Institute) was asking questions in Romania's counties, our parliamentary reporters were addressing the same questions to deputies and senators. We took a sample of 66 statesmen in proportion to both the political representation of the groups in the legislative forum and to the structure of the chambers. The sample corresponds to statistical regulations governing the minimum scientific sample. Full anonymity was assured for the responses from the very beginning. Our desire to obtain the most accurate picture of the invisible strata of thoughts and motivations was understood and accepted. We thank all of those who answered the questionnaire (that is, all those we asked) and we believe that your goodwill will be interpreted as an objective opportunity for providing a picture of the politics not of one official or another, not of one party or another, but of the Romanian parliament in the summer of 1993.

In the First Place: Economic Concerns

Open Question (no preestablished responses): What do you believe is the most significant problem in Romania at the moment?

	Percent
Prices too high	12
Unemployment	2
Critical state of the economy	32
Crime	2
Corruption	7
Aid to farmers	2
Crisis in moral values	2
Too slow rate of privatization	10
Application of the Land Law	5
Relations with other countries	1
Morality of politicians	—
Political conflicts	6
Education/health	—
Situation of youth and elderly	—
Housing	—
Influence of communists	3
Defence of democracy	6

Lack of credibility of political authorities	2
Continuing the reform	2
Other problems	6

Confidence in the Government: On the Cutting Edge

Do you trust Prime Minister Nicolae Vacaroiu?

	Percent
I trust him	50
I do not trust him	48
Don't know/No response	2

More Dissatisfaction With Prime Minister Vacaroiu Than With the Government as a Whole

How satisfied are you with the performance of Prime Minister Nicolae Vacaroiu: very satisfied, quite satisfied, quite dissatisfied, or very dissatisfied?

	Percent
Very satisfied	3
Quite satisfied	45
Quite dissatisfied	23
Very dissatisfied	27
Don't know/No response	2

If you were to evaluate the government's performance, what grade would you give it?

Grade	Rating	Percent
9-10	Very good	5
7-8	Good	34
5-6	Poor	17
1-4	Very poor	32

Lower Approval Rating for President Iliescu

How satisfied are you with President Ion Iliescu's performance: very satisfied, quite satisfied, quite dissatisfied, or very dissatisfied?

	Percent
Very satisfied	20
Quite satisfied	24
Quite dissatisfied	27
Very dissatisfied	27
Don't know/No response	2

If We Were a Parliamentary Republic...

Do you trust President Ion Iliescu or not?

	Percent
I trust him	47
I do not trust him	50
Don't know/No response	3

Their Opinion of Themselves Is Not Good

If you were to evaluate parliament's performance, what grade would you give it?

Grade	Rating	Percent
9-10	Very good	3
7-8	Good	54
5-6	Poor	35
1-4	Very poor	8

An Additional Question Not Included in the IRSOP Poll

Do you believe that things in Romania are going in the right or the wrong direction?

	Percent
I am very convinced that they are going in the right direction	15
I am convinced that they are going in the right direction	39
I am not sure, I am not aware of the situation	6
I am convinced that things are going in the wrong direction	24
I am very convinced that they are going in the wrong direction	12

The Temptation of Government Is Increasing

Currently, some politicians are discussing the possibility of forming a new government in which the opposition will also participate. Others believe that this is not the right time to form a new government. Would you like to see a new government formed in which the opposition participates, or would you like to have the current government remain?

	Percent
I would like to see a new government formed that includes opposition participation	47
I would like to see the current government remain	44
Don't know/No Response	9

Heaven Forbid We Should Have Elections!

Some politicians believe that new elections should be scheduled. Other believe that now is not the time to schedule new elections. Do you agree or not that new elections should be scheduled?

	Percent
I agree	20
I do not agree	73
Don't know/No response	

* Ruling FDSN Most Trusted Party Among Populace

93P20254A Bucharest ADEVARUL in Romanian
3 Jul 93 pp 4-5

[Unattributed article: "Romanians on Possibilities"]

[Text] This national opinion poll was conducted by IRSOP [Romanian Public Opinion Poll Institute] during 24-28 June 1993 for ADEVARUL. IRSOP conducted face-to-face interviews with 1,100 people over the age of 17. The polling sample is representative of Romania's entire adult population.

The individuals interviewed were selected through a quota system and successive sampling in 67 urban and rural locations distributed randomly across Romania.

The sample took into account such factors as gender, age, occupation, education level, location (whether urban or rural) and size of locality, and ethnicity.

This poll's margin of error is plus or minus 3 percent.

The Price Explosion: Romania's Main Problem

What do you believe is the most significant problem facing Romania today?

	Percent
Prices are too high	34
Unemployment	14
Critical state of economy	10
Crime	7
Corruption	7
Aid to farmers	6
Crisis in moral values	4
Privatization rate too slow	3
Application of privatization law	3
Relations with other countries	2
Morality of politicians	2
Political conflicts	1
Education/health	1
Situation of youth and elderly	1
Housing	1
Influence of communists	1
Other problems	3

Government Performance: The Majority of the Respondents Give It a Poor Grade

If you were to evaluate the government's performance, what grade would you give it?

Grade	Rating	Percent
9-10	Very Good	7
7-8	Good	31
5-6	Poor	31
1-4	Very Poor	31

The Prime Minister: Works Hard, Popularity Low

Do you trust Prime Minister Vacaroiu?

	Percent
I do trust him	38
I do not trust him	48
Don't know/No response	14

How satisfied are you with Prime Minister Vacaroiu's performance?

	Percent
Very Satisfied	5
Quite satisfied	33
Quite dissatisfied	32
Very dissatisfied	23
Don't know/No response	7

President Iliescu Retains His Electoral Advantage

Do you trust President Iliescu?

	Percent
I trust him	50
I do not trust him	41
Don't know/No response	9

How satisfied are you with President Iliescu's performance?

	Percent
Very satisfied	14
Quite satisfied	37
Dissatisfied	29
Quite dissatisfied	17
Don't know/No response	3

Parliament Has Few Admirers

If you were to evaluate Parliament's performance, what grade would you give it?

Grade	Rating	Percent
9-10	Very Good	3
7-8	Good	21
5-6	Poor	35
1-4	Very Poor	41

There Is Much Support for the Opposition's Participation in Government

Some politicians are discussing the possibility of a new government in which the opposition would participate. Others believe that now is not the time to form a new government. Would you want to see a new government formed that includes the opposition, or would you rather have the current government remain as is?

	Percent
I would like to see a new government formed in which the opposition participates	45
I would like see the current government remain as is	41
Don't know/No response	14

Need New Elections? "Don't Think So!"

Some politicians believe that new elections need to be scheduled. Others believe that now is not the time for new elections. Do you agree with scheduling new elections at this time?

	Percent
I agree	30
I do not agree	59
Don't know/No response	11

Approval Ratings of Parliamentary Parties: FDSN and PNTCD Clearly Lead

Which parties in the Romanian Parliament do you approve of the most?

	Percent
FDSN [Democratic National Salvation Front]	24
PNTCD [National Peasant Christian Democratic Party]	11
PAC [Civic Alliance Party]	6
PD (FSN) [Democratic Party-National Salvation Front]	6
PNL-CD [National Liberal Party-Democratic Convention]	6
PRM [Greater Romania Party]	6
PUNR [Romanian National Unity Party]	6
PDAR [Agrarian Democratic Party]	4
PER [Romanian Ecologist Party]	3
PL 93 [Liberal Party-1993]	3
PSM [Socialist Party of Labor]	3
UDMR [Union of Hungarians in Romania]	3
PSDR [Romanian Social Democratic Party]	1
None of them	18

**Parties Not in Parliament: Here To Stay
or a Flash in the Pan?**

Is there a party not in Parliament of which you approve?

	Percent
National Liberal Party	4
Republican Party	1
Small Landowners Party	-
Romanian Ecologists	—
Monarchist Party	—
Movement for Romania	—
Gypsy Party	—
New Liberal Party	—
None of them	85

With Whom Should the FDSN Form a Coalition?

If a coalition government were to be formed with the FDSN and another party, which party would you like the "other party" to be?

	Percent
PNTCD	14
PRM	9
PD (FSN)	8
PUNR	8
PNL-CD	7
PAC	6
PDAR	6
PSM	5
PER	3
PL 93	3
UDMR	2
PSDR	1
Don't know/No response	28

*** Adrian Nastase Discusses Politics, FDSN
Issues**

93BA1211A Bucharest *LIBERTATEA* in Romanian
3-4 Jul 93 pp 1-2

[Interview with Adrian Nastase, first vice president of the FDSN and president of the Chamber of Deputies, by Roxana Costache; place and date not given: "In Politics, What Is Important Is the Iceberg Underneath the Water's Surface"]

[Text] This is the conclusion of Mr. Adrian Nastase, first vice president of the FDSN [Democratic National Salvation Front].

[Costache] Without doubt, seen from the outside, the FDSN is "divided" into two types of personalities. However, just how appropriate is the distinction between Hardliners and Moderates?

[Nastase] I do not believe in this strict dividing line "of black versus white." In any political party, and thus also in the FDSN, people match certain tints along the whole palette from white to black. Dividing by dichotomy seems to me as uninspired as it is inexact.... A large grouping such as our party means an amalgam of opinions, of positions. And if we were to consider it natural that people inside a party should remain themselves, we would no longer be surprised by the unexpected reactions of some of them.

[Costache] That is true. But perhaps "the dichotomy" "manifests itself" along other lines; more exactly, it deepens people's perception of phenomena, and, due to this, deepens their diagnoses.

[Nastase] Rather than that, I believe that we are still in the process of effecting the change which has taken place in "the party structure"; to be more exact, we have given up the formula of mass party in favor of parties of cadres. The PCR [Romanian Communist Party] was a mass party! The present parties are parties of cadres where the number of members is smaller; as a trade-off, the number of supporters and voters is much larger.

[Costache] Do the specifics of this matter by any chance modify this observation of yours?

[Nastase] For a society such as ours is now, a society which has given and is giving people numerous chances to express themselves, a lot of people have gotten involved in politics. Haven't you noticed? There are artists, physicists, architects, people with leanings toward business. As in all the Western countries, in ours, too, it remains the case that not mediocre people (I think that I should not say this; the term is improper), but rather people who cannot necessarily be easily "pigeon-holed," get involved in politics. In post-Decembrist Romania a political class still has not been created—neither could it develop so quickly! For this reason, the image of the parties is projected by certain people, without that image coinciding in entirety with the intentions of a particular party, which can be deduced through taking into consideration the party's electorate or the expectations of a segment of the population.

[Costache] In the case of the FDSN, what image of the party would your segment of the party prefer?

[Nastase] This represents one of the most interesting questions and, furthermore, one which the party has commented on with several analysts, journalists....

[Costache] And?

[Nastase] There are a great many messages which we, from the central level, are not succeeding in disseminating at depth to our voters. Conversely, often we do not succeed in grasping well enough what their expectations are. In this two-sided ribbon, dysfunctions are appearing between top and bottom.

[Costache] Could you maybe give us an example?

[Nastase] In the case of Law No. 35, for example, the problem is quite clear: Some parcels of land were to have been sold to joint companies; these were *Romanian*

juristic persons and therefore subject to Romanian laws, even under conditions where the capital was 100 percent foreign! Well, the public discussion went far beyond the sphere of the subject at hand and was transformed into a question of principle, an emotional one: it effectively became a completely different matter! It became a reaction of national pride.

[Costache] Without intending to, you have brought me back to my "obsession" connected to the depth of perception and diagnosis of...reality. Weren't you yourself obliged to give explanations to the "upper echelons" of the FDSN; not just that, but to give them "a lecture" on that topic? And did your own party not "fine you" precisely because of your "attitude"?

[Nastase] That demonstrates exactly what I was saying above: that a political class still has not gelled in our party, and that a party is not born perfect. It is built.

[Costache] Is there not perhaps a danger that, in this critical phase of "building," that quantity will override quality?

[Nastase] Yes, there is.

[Costache] Is the FDSN going through such a danger now, or is it not?

[Nastase] No. There I advocated another point of view and was not able to persuade others through my argumentation. That did not mean that, at the moment when another point of view won out, I had knuckled under to the situation. This is the most natural way for democracy to function inside a party. But it does not mean that I suffered a defeat. Both things and people will be able to evolve.

[Costache] Did you have recourse to a kind of...compromise?

[Nastase] Many things which might appear to be compromises or concessions on matters of detail have reasons which have more to do with the need to strengthen this party. What some people wanted and still want is the "breaking up" of the FDSN, an action which might pose a very great danger to political life and, even more, to the stability of Romania. Therefore, what takes precedence now is preserving the party's basic cohesion, its resistance to schism. What happened then, at the Bucharest municipal conference, is very important as a signal. It underlined the FDSN's capacity to react and act coherently, along with the confidence that it can function, that it can retreat in an orderly manner.

[Costache] I understand, but... You yourself were mentioning the need for a more pronounced "matching" of the FDSN's measures with the desires of the voters and of the largest possible sample of the population. Doesn't the way the party reacted, by blocking Law 35, perhaps run contrary to what the "bulk" of the population thinks?

[Nastase] Precisely that is the curious thing: that the majority of the population was against an idea which it *deduced* from the text. Because, I repeat, the debates in Parliament arose over some *abstracted ideas*—that the country's land would be sold off to foreigners. So then the great majority of the population reacted to a different question, not to the one which had actually been posed. To vote differently and not in consensus with what had come to be the question at hand, would, I believe, have been even more dangerous.

[Costache] Who, then, is "responsible" for... "diverting" the course of this matter?

[Nastase] Here, in fact, something else intervened. The opposition parties exaggerated the importance of the matter—with the aim of splitting the FDSN—and they slipped in a message which engendered a certain emotional state.

[Costache] What was it that also deceived your own people?

[Nastase] The feedback...against the basic idea. To me it was not clear whether the Opposition wanted very much for this text to be adopted, or whether they wanted to use it in relation to the FDSN. Rather, I am under the impression that the second factor I just mentioned was at work as a motivation for their action! Under these conditions, the FDSN's reaction was of a political nature and should be commented on as such.

[Costache] Are our politicians not perhaps marked by a great self-importance and, due to this, do they not wander from the subject frequently? It would seem that too many consider themselves politicians, and very few work with political tools in a strictly political matter.

[Nastase] It is harder for me to answer at the level of the politician. Many things depend on an individual's personality, on the fact that we do not have the necessary experience, and, sometimes, on the precariousness of our political culture. And, moreover, many think that since they are the representatives of the people—I am referring now to members of Parliament—they are right, regardless of what they say, since the voice of the people speaks through them. To a certain extent, it is from this that we see a certain self-importance.

[Costache] And then?

[Nastase] Here is the area that needs a lot of work, so that we reach the point where the politicians, the members of Parliament, no longer reach conclusions on the basis of a weekend discussion with some people over a beer, but rather derive their information from a broader, more representative, sample.

[Costache] You are probably referring to the "professionalization" of politicians and members of Parliament?

[Nastase] Obviously, but time is needed for that to happen. Before '89 we had amateur parliamentarians

(who) came to Bucharest for two or three days per year and raised their hands. Today's members of Parliament have not become civil servants, but they are paid for what they do. And there is something more. They are paid for the work of the Parliament, not to go to I don't know what ministry to put in a good word for I don't know whom.

[Costache] Do you think that some of your troubles are "caused" by these opinions? Did you expect, for instance, the adverse reaction with which the Bucharest municipality conference "welcomed" you back after Istanbul?

[Nastase] It is hard to say. The list was prepared with great cleverness, after the model which we are familiar with. And some of the people who intervened passed the relay on exactly as in athletic races. To me it was clear, but I would not generalize.

[Costache] That is something which I wanted to ask you: What do you think is the "extent[" of the phenomenon?

[Nastase] Both in Bucharest and in other organizations, there are people who do not understand that in a political environment where you hold 28 percent of the votes, you behave differently than you do when you are a "single party." On the other hand, many people do not state publicly what they are, and, consequently, do not get involved in a positive way. They stay in a tightly knit group, where they risk nothing, and where they have no responsibilities, but where...they can yell. That style will not move us further along.

[Costache] Is the FDSN still a party of the avant-garde?

[Nastase] So that we do not enter "into free fall," and so that we do not lose our credibility with dynamic people, who are the party's supporters, we must decide what kind of message we are sending. One of "intransigence," an inability to carry on a dialogue? Fine! Then we will remain provincial within the organization. The FDSN (will belong) to the group which, a year ago, took over the structures of the party due to (various) relations which I will not comment on.

[Costache] What would be the explanation for the wish to keep an FDSN, a "closed" party?

[Nastase] If, to take this to the absurd, the party were to be reduced to 100 card-carrying members, then all the positions, all the jobs would be given to these people. Otherwise, the chances of the group to gain something shrink. Am I being too harsh by saying this?

[Costache] I do not think so. It seems to me, too, that the FDSN has reached a crossroads and that it often confuses agitation with activity. Some people are combative.... But why? They talk only to please certain party colleagues, while ignoring the fact that their selfish rebelliousness could turn into a blunder which would compromise the party. Those people whom you were talking about do exist, and there seem to be more than a few of them....

[Nastase] Yes; however, many of them are not ill-intentioned. And then, is it really any kind of solution to isolate yourself, to organize rifts, to create variant ideas in an ivory tower? I do not think so. I consider it much better to try to modernize the party gradually, attracting worthy people.

[Costache] Do you know what people say about you: that you might be a kind of Petre Roman?

[Nastase] There has been an attempt to plant that idea, but whoever did that probably overlooked one factor. The Petre Roman-Iliescu (relationship) deteriorated, broke off at a certain moment, dramatically. As far as I am concerned, my relationship with President Iliescu has been and is one which I set great store by. Yes, something was attempted, but not against an idea, but rather in favor of legitimizing another way of operating. And it is no secret that for some party colleagues I would be a tiny mouse which went into a beehive and who, because of this, should be covered with wax.

[Costache] Maybe people are misinterpreting your attitude.... People do not understand that you are doing what you are doing from conviction and not from some special interest.

[Nastase] What would the interest be? As far as the personal aspect goes, I was a minister, I am the president of the House, I have reached the highest levels of power. To me that is enough in the way of experience. Moreover, I am not such a career politician that I would look for outlets only in that field. I am capable of being a very good professor of international law. I do not continue to fight for myself, but for an idea, because I believe that it is important that in Romania there should be a powerful social democratic party of the center left. But the center left means not the left of 20 years ago, but rather a set of values, their acceptance, plus the belief that they can function in a political framework.

[Costache] You seem to be a long-distance runner. Is it perhaps this which your opponents fear? That once you reach the "racing speed" which you are calling for, that people will not be able to catch their breath?

[Nastase] I cannot say that things are that way. I do not see conspiracies everywhere. I do not think that a battle of ideas is incapable of leading to my good idea's prevailing. All that is needed is effort (and patience) in order to explain it.

[Costache] Will the national conference, which is so close at hand, permit you the leisure...for explanations?

[Nastase] The most important part of the iceberg is below the water's surface. I do not believe that the national conference, contrary to expectations, will produce any sensational things, any breaking up, or any breach in the barricades. I believe that wise solutions will be found, including a solution for the leadership of the party. I do not believe in spectacular things in politics.

*** Nastase Opposes Reintroduction of Death Penalty**

93BA1320A Bucharest LIBERTATEA in Romanian
23-24 Jul 93 p 2

[Interview with Adrian Nastase, president of the House of Deputies, by Neli Luchian; place and date not given: "Despite a Populist Campaign, 'The Law of Retaliation' Is Unjustified"]

[Text] Let's get right to it: Are you for or against the reintroduction of the death penalty?

[Nastase] I think that the question is not properly phrased. Given the real problem of which we are all aware, the growth of lawlessness, the question should be: "How can we protect both human values and constitutional values?" The answer then could be: through a combination of legal and institutional measures that would lead to the control, and even the decrease of lawlessness and criminality. In my opinion, reintroducing into the structure of the state of law elements drawn from The Law of Retaliation, bringing vengeance to the state level, is not only an absolutely outdated formula, but also one that is unjustified from a moral standpoint, in terms of Christian morality, and in terms of the theory and philosophy of penal law. From all points of view, I believe that this is an attempt to thrust us into the wrong path. Moreover, I believe that this is a trap that is being baited for us, and which will deliver two wrong messages. On one hand, it will be said that we are not capable of understanding what is happening in the world, nor the directions of penal law; on the other hand, that the situation in Romania is so serious that this is the last resort for solving a problem of daily life. To resume, therefore, I believe that we must use all the avenues which penal law considerations place at the disposal of the decision makers.

[Luchian] In concrete terms?

[Nastase] We must urgently find a set of legislative measures—the government has already undertaken an evaluation in this respect—that specifically double, or even further increase, incarceration penalties for certain offenses which at the moment are upsetting public opinion, and not only because they are upsetting the public: rape, robbery, murder with aggravating circumstances, even though murder is always an abominable deed. The same is true for some regulations accepted in the penal code, which could and should be reconsidered: I'm referring to cumulative sentences. Arithmetic cumulations are possible: some countries impose sentences of 80 or even 200 years. Such a sentence obviously cannot be executed, but it clearly identifies the magnitude of the threat created by the deed, and the penalty thus reflects the manner in which it is viewed by society. Hence the legal inhibition for those who are tempted to commit such deeds. We urgently need to evaluate the infractional phenomenon. I believe it would be useful to create a Center for Criminology Research—as part of the Law Research Institute for instance—a center that would

consist primarily of a multidisciplinary team which would examine the problems of criminality during the transition period, to determine the extent to which the values established by the Constitution are protected by penal legislation. I also strongly believe in the need to revise the Penal Code along the lines I have discussed, and to massively increase penalties so as to create a framework which will inhibit those who are still tempted to commit such deeds.

[Luchian] Those who support the reintroduction of the death penalty invoke its existence in the laws of some democratic nations.

[Nastase] They are very few. I don't have the data at hand, but certainly 90 percent of the countries no longer stipulate this penalty in their laws.

[Luchian] The United States for instance, still has it....

[Nastase] No. As far as I know, this is true in only two federal states. And even those states avoid using it as such, with those convicted being in a "waiting period." Moreover, those states have been attacked by the American Human Rights Commission for these provisions in their laws.

[Luchian] As attorney, what arguments would you use in your plea?

[Nastase] First of all the Constitution. The right to life is guaranteed. This can give rise to an extraordinarily long discussion. In addition, the entire philosophy of human rights is based on the idea that the right to life is a natural birthright, and that no one, including the state, has the right to take anyone's life. Lastly, international agreements, European Council documents; there are a number of EC special orders regarding the elimination of the death penalty in countries' laws. In practical terms, its reintroduction would make it impossible for us to join that organization. That is why I feel that people's opinions, sentiments, true concerns, are being "sold," but those who engage in such campaigns should first inform themselves about all the implications. Only few states still retain capital punishment; and there, things are different from what we are trying to do. No one is discussing the reintroduction of capital punishment; these are countries which still have such regulations out of inertia, and which under international pressure, will eliminate them. But to reintroduce the penalty after it has been eliminated, strikes me as a serious political error. From a practical standpoint, penal law researchers have found that during the time in which it existed here, the death penalty did not reduce some of the crime curves. There is also a very serious danger that it might be used arbitrarily. Not to mention the risk of judicial error, whose probability is quite obvious, or its use to transfer political animosities to accusations of common law offenses; these things have happened. I think that this campaign is specifically intended for populist appeal, and I find it quite odd that newspapers which survive from the massive exposition of criminality, are undertaking such a campaign. I find it very difficult to

understand the aim of such an action, which beyond naturally worrying those of us who live here, proposes an unacceptable solution to the problem. The problem is real, but the solution must be sought in other directions.

*** Hortopan on Anticorruption Commission Report**
93BA1300A Bucharest ROMANIA LIBERA in
Romanian 12 Jul 93 p 11

[Interview with Radu Hortopan, former deputy chief of the Financial Guard, by Dan Preisz; place and date not given: "The Anticorruption Commission Report Misses the Point"]

[Text] [Preisz] Mr. Radu Hortopan, what do you think of the form of this preliminary report of the anticorruption commission?

[Hortopan] In my opinion, it is a report which reflects reality to a good extent. Certainly, due to the time which the members of the commission had available and due to their involvement in other parliamentary duties, as well as to the lack of adequate funding, one finds some problems in the wording of the report. Nevertheless, it could have taken on a better form and zeroed in on the sore spot....

[Preisz] What do you mean by a better form, and what is the sore spot?

[Hortopan] Several passages in the report were "left up in the air," even though the documents made available to the commission by the persons who testified at the hearings, including yours truly, as well as the supporting materials, files extant at the Financial Guard, could have dispelled any doubt in connection with the various facets and implications of the cases which were investigated.

[Preisz] How did the commission's hearings go?

[Hortopan] In my opinion, they were carried out under adequate conditions, as far as I am concerned. I was summoned five times to be heard, since all of the commission members proved that they stood available to find out the truth. My only regret, from this standpoint, is that the commission did not listen to the audio tapes while I was present. I could have given a series of supplementary accounts and, at the same time, the commission could have understood, could have caught more of the conversations and the economic and financial implications of the activities under discussion. I turned in the cassettes to them on a Friday, and then a week went by without my being called to assist them in understanding what was on the cassettes.

[Preisz] How relevant and important do you consider the pieces of audiovisual evidence to be which you handed over to the commission?

[Hortopan] They throw light on a series of problems which were raised for discussion. One of them refers to the selling of goods confiscated by some police authorities. In fact, it is an admission by Gen. Sandu, who was

then the head of the General Inspectorate of the Police [IGP], of violations of the law committed by these members of the police force. This part of the video cassette was not put on the air on national television on 4 February, when a television report connected to this problem was broadcast. If public opinion had taken cognizance then of the opinion of the police chief, things would have become clear. It is good that I kept that piece of evidence, so that the parliamentary commission of inquiry could enlighten itself.

[Preisz] Who stopped the full broadcast of the evidence over TVR [Romanian Television]?

[Hortopan] From what I know, the attempt to block the broadcast of a cassette at TVR, on 4 February, was carried out by the minister of the interior, Lt. Gen. Ioan George Danescu, and by Gen. Sandu, who entered the control room in the television building, trying to block the airing of a cassette which showed incriminating activities carried out by members of the police force. This did not succeed. There is correspondence between the Financial Guard and the Ministry of the Interior on this matter.

He wanted to give a rebuttal. He overdid it, and the rebuttal was taped on the spot; he did this even though the material in question had not even been broadcast, which made a rebuttal pointless. Later on, probably realizing the blunder he had made, he cancelled the airing of this last part of the cassette. Only the first part of the material was broadcast, while the part where Gen. Sandu admitted the policemen's guilt was not aired....

[Preisz] What is the importance of the pieces of audio evidence? How pertinent are they? Are they treated in the conclusions of the preliminary report?

[Hortopan] The contents of the audio cassettes are not really discussed in the report's conclusions. For example, one of the audio cassettes contained a conversation carried on at Financial Guard headquarters on 23 February 1993, with Mr. Dan Stancescu, police captain for Sector One. Several things are overheard in that conversation. Thus, according to what he said, as of December 1992 they did not even know of the existence of the government's order, number 662/1991, which regulates the way confiscated goods will be sold/ disposed of. They learned of this order around the date of 28 December. It was drawn up on 7 January 1993, and they signed it with the date of 30 December 1992(?!).

We are also surprised to learn a fact with respect to the measures which were announced by the leadership of the Ministry of the Interior concerning the suspension or dismissal of some policemen who were guilty in these cases: from the tape we realize that these people found out about the order from the press; thus, no one had told them anything, and they were not asked, but rather they read about it in the newspaper....

It must also be emphasized that they, the policemen, worked in this way because it was a work policy. They, as

the people who carried out the work, are not guilty, but rather the responsibility is shifted up to the level of the IGP leadership.

There is another cassette which shows the way Col. Muresan, from Military Unit No. 0215 of the Ministry of the Interior, was involved; he accompanied a businessman, a citizen of an Arab country, both to Gen. Costica Voicu and to Chamber of Deputies member Mr. Ionel Roman (FDSN [National Democratic Salvation Front]), in the attempt of this particular business owner to enter into possession of a large quantity of cigarettes which had been confiscated by the Financial Guard. Their value was estimated at around \$250,000 dollars. The goods had been confiscated legally and sold in a legal way, by the General Management of the State Financial Inspection service—that is, not by the Financial Guard. This foreign citizen tried by various methods to enter into possession of that particular stock of cigarettes.

In connection with this case, the Financial Guard has a communication signed by Mr. Ionel Roman, secretary of the Chamber of Deputies, through which he asks for information in connection with the case of the Arab citizen. It is the only thing in writing which the Financial Guard received from Mr. Ionel Roman, and it is hard to suppose that no other citizens who had had dealings with the Financial Guard came to him for a hearing....

In our office we also have a cassette of a conversation which took place on the occasion of the presentation by Chamber of Deputies member Mr. Bebe Ivanovici, of the relations between the Financial Guard and the Economic Police. On this occasion, he directs criticism at the police, stating that, at the top, the leadership of the General Inspectorate of the Police is corrupt; he mentions also names which we have encountered in other newspapers, too.

[Preis] The leaders of the parliamentary commission were continually bringing up the issue of the technical quality of the audio cassettes. They considered it an impediment, because they could hear only a part of what was on the cassettes. Do you believe that this is an objective reason?

[Hortopan] No, it is far from being an objective reason. If you have an adequate machine, you can hear the cassettes very well. Maybe they would have needed me to be present, too, in order to explain any possible interruptions. This is because other people occasionally broke in on the conversations on these recordings, which were made "openly."

[Preis] Do you or do you not believe that the commission lacked a real will to put to use the audiovisual material with which it was furnished?

[Hortopan] There are several concerns with respect to these aspects of the situation. First of all, there would be the matter of the so-called variant of the intermediary report, which was circulated among the commission's members and after that to the press; this report was

nothing but a lesson in legal education resembling those characteristic of the years 1987-88. It neither shed light on nor did it actually attack the concerns of the inquiry. It only presented some statistical data, taken in good part from the MI [Ministry of the Interior], unchanged, in my opinion, and a series of steps, some of them of even a literary nature.... In the case of the pieces of audiovisual evidence, however, I believe that their contents are not reflected in the preliminary report concluded later, either.... Probably they were left to be analyzed at another stage, for another report....

If I am to believe some statements in the press, it would follow that, of the members of the commission, some were against, and tried to block, the commission's viewing and hearing of the cassettes. According to what I know, however, this report should have been presented during a joint meeting of the Parliament. This did not happen. I ask you: Why? I cannot answer.... Foot-dragging in analyzing such problems does not create an adequate framework for progress, not even for the commission in the future. Here it is a question of trusting the documentary material, and of deeper research. I believe that the commission should keep on being supported. Parliamentary discussions based on the preliminary report could have allowed the finalizing of an adequate report which would have shed light on all the problems and would have satisfied the demands which led to the assembling of this parliamentary commission.

[Preis] You are probably thinking also of arriving at a public consensus for a real resolution of the problems being investigated.

[Hortopan] I am not really up on the political question, because the Financial Guard is an oversight body which is not involved in politics. No Financial Guard inspector gets involved in politics. On the other hand, the evidence which we have submitted up to now, as well as the references to specific documents, which we made available to the commission, creates the assumption that all the problems will be explained. There can be no question of a lack of materials, of information which would allow the clarification of all aspects. Besides, I made a presentation concerning every case in the report, emphasizing especially the economic and financial motivation which caused interventions by some figures in the present government. Here the amounts involved in each case individually were considerable, while the offenses committed were of an extraordinarily egregious nature. This is how the intervention of this or that agent of the government was "justified."

[Preis] Moving on to the written evidence made available to the commission, do you consider that it is adequately treated in the analysis and conclusions of the report?

[Hortopan] Not in all cases. Sometimes it is mentioned only evasively; however, it requires analysis if people really want to find out the truth. As a comprehensive inquiry would imply, along with the hearing of the

persons in question, and the hearing of the inspectors who coordinated those persons' cases as well as the cases of other persons, there are also some persons from the TVR [Romanian Television], and other citizens as well, whom we have recommended to the commission as meriting a hearing.

[Preis] Can you give us some more concrete illustrations?

[Hortopan] For example, there are persons at the Television who can recount the way in which Gen. Sandu entered into the control room and tried to block the broadcast of the cassette. More than that, after those particular persons recounted this event for us, Gen. Sandu stated that "I should have you arrested for these offenses" (!). He should be called to account some day for these words at least.... Once the people from the TVR, who are people whose word can be trusted, are heard, they will be able to show the entire framework within which this improper intervention occurred.

[Preis] What were, in your opinion, the real reasons behind the change in the former leadership of the Financial Guard?

[Hortopan] In my opinion, this change was caused by many factors. The most important has to do with the fact that the Financial Guard, which was established a year and a half ago, has become an elite corps, when you consider the attributes of the inspectors who make up the Guard. The majority of them are young, around 30 years of age, all with degrees in law or economics. Some of them actually have two degrees, and the majority of them have a good knowledge of at least one foreign language. If we remember that they have also passed a psychological test after having been declared physically fit, we get a good picture of the militarized financial-oversight corps which is the Financial Guard.

In my opinion, this fact disturbed a succession of persons from the Ministry of Finance who wanted that institution to be a kind of "puppy dog." We cannot overlook the statement made by Minister Florin Georgescu, on the occasion of the greetings which he addressed to us on 30 December 1992 at the headquarters of the central Financial Guard, when—I am quoting from memory—he said: "The inspectors should not know more than 200 words or have more than 10 laws in their briefcases" (!). So you can see how the minister of finance regards the status of the inspectors and of the Financial Guard as an institution.

At the same time, against a background of some instances of a lack of good timing at the leadership level of the Ministry of Finance, the Financial Guard grew rapidly and asserted itself, both in economic life and within the Ministry of Finance, alongside the other oversight bodies. There was a desire on the part of the leadership of the Ministry of Finance, a desire which was carried out after our removal from the job, to subordinate the Financial Guard, even though according to law, the Financial Guard is under the command of the

inspector general. There was a desire that the Financial Guard be under the general directors of the General Board of Public Finance and of the State Financial Oversight authority, institutions which exist in every district and in the municipality of Bucharest.

The implications which flow from this have to do with the fact that, as a rule, the general director is someone who is involved in local politics; and certainly the subordination of the Financial Guard department brings with it a certain "diverting" of its work of oversight and inspection as specified in its legal mandate, toward the interests of the general director instead. Mr. Florin Georgescu was quite familiar with the work of the Financial Guard, because since June 1992 he had led the Financial Guard Command in his former capacity of secretary of state, while after that he became minister, with the Financial Guard being directly subordinated to the Ministry of Finance.

[Preis] How do you assess the position of minister Georgescu, who, although you have collaborated with him several times, did not bring any charges against the former leadership of the Financial Guard until you were summoned in front of the parliamentary commission?

[Hortopan] I have a recording from the BBC which was made on the occasion of an interview granted by Mr. Georgescu just a day or two after our removal from the job, where he declares that he had nothing to reproach us with, and that this change was due to his intention to "activate" the Financial Guard. We can see now how he "activated" the Financial Guard, through the wholesale replacement of the former leaders (the chief inspector and the three deputy inspectors).... The results are deplorable: There is no coordination at the level of the local departments, and the inspectors do not know what to do. All of these things are reflected in the reduction of revenues in the state budget and in the area of consumer protection.

More than that, the moment chosen for the "decapitation" of the Financial Guard leadership should be discussed. Several days before 1 May, the day when subsidies were withdrawn, the Financial Guard leadership was replaced with two gentlemen who at that time did not even meet the conditions set by the regulations, since they had not had a medical evaluation nor had they passed the psychological test. Not only that, but the day after he was appointed, the inspector general immediately left on a two-week trip to China.... So, you yourself can see how the work of coordination was carried out, several days before 1 May, when the Financial Guard should have been heavily involved in supervising the way the new prices were being established, as well as looking into the question of the hoarding of some products, which were later put on sale. This hoarding was done especially by economic agents, and especially those of the state, who had and still have a tendency to hoard stocks of goods. Now that the TVA [value-added tax] is being introduced, we can see the results....

The operation was poorly organized by the Ministry of Finance, the economic agents have lost their sense of direction, and not enough forms as are necessary have been provided, while inspections have been carried out haphazardly.... Even for specialists, there are numerous unresolved problems in enforcing these regulations. All of these things are going on at the same time that, after our dismissal from our job, cigarette prices not only have not risen but have actually dropped. What does this mean? Large quantities of cigarettes, and possibly of liquor and coffee, have been brought in illegally, without the paying of excise taxes, or by other methods. In any case, these too are the consequences of the period following our removal.... Altogether, the results of the work of the Financial Guard after 21 April, the date when the former leaders were removed, becomes evident in the fact that there has been less than 50 percent of the volume of the activity previous to that.

[Preis] Do you somehow believe that illegal acts and dishonesty have in some way or another fallen to less than half, since 21 April?

[Hortopan] There is no doubt that they have not. The economic agents are continually perfecting their methods and techniques. We needed a fairly long period to try and to partially succeed in order to be able to go after them with documents which would be upheld in front of the courts of law. Without doubt we still have much to do. You cannot realistically expect these problems to be eradicated. But it is inconceivable that the results should actually drop, that there should be a sense of disorientation in the Financial Guard. Nevertheless, I do not wish to believe that this was one of the aims of the removal of the former leaders.

[Preis] What was the relationship between the Financial Guard and the police?

[Hortopan] Yes, that is another reason behind our change of leadership. There can be no question of the whole police force, but just of the economic police, of its leadership. After a period of relative collaboration, against the background of the growth in the efficiency of the Financial Guard's work, the economic police actually started tracking the activity of the inspectors. One remembers a succession of events, some later confirmed by the courts as having no basis in reality. From this point of view, within the preliminary report, item no. 1, as it was drawn up, corresponds with reality to a great extent, since a state of tension exists, a state which came to a peak in the last month of 1992 and the beginning of 1993.

At that time, the economic police proposed, and the Cluj Prosecutor's Office carried out, the preventive arrest of an inspector, Mr. Lupu Mugurel Danut, for the inappropriate way in which it was considered that goods had been sold which had been confiscated by that station of the Financial Guard. I should make it clear that I participated in some of the discussions carried on with a

colonel who had been sent expressly by the IGP leadership in Cluj so that he might "resolve" this problem, and I realized that he had come with very clear orders.

The day after Lupu Mugurel Danut was put under preventive arrest, the colonel returned to Bucharest. That strengthened my conviction that this had been the "mission" of Col. Mihai Gheorghe of the Economic Management of the IGP. However, I put a high value on the objectivity of the court of law, which concluded that Lupu Mugurel Danut was innocent. So you see how a man was put under preventive arrest for almost 60 days because of the pressure of the police authority. The expert's report ordered by the police, upon which the preventive arrest was made, was carried out illegally. The particular person who formulated the report lacked legal standing as a technical expert and accountant. The damages which he had assessed at 1,200,000 lei went up in smoke once the expert examinations were performed legally and fairly....

On the other hand, the Financial Guard has recorded numerous cases in which members of the police force disposed of confiscated goods under conditions other than those stipulated in Government Order 662/1991 and in the instructions given by the Ministry of Finance, numbered 2387/1992; these policemen caused serious losses to the state budget, and they embezzled funds. We informed the IGP leadership of these cases, but up to the present time the Financial Guard has received no reply which would indicate whether any measures have been taken at that level. The illegal selling of confiscated goods has been recorded not just at the level of the municipality of Bucharest, but also in the districts of Bacau, Covasna, Harghita, Neamt, and Olt. Purely and simply, *the police authorities do nothing and make no kind of public statements, even though we have sent them numerous documentary materials.*

We should also note the case of Col. Vitiuc, who prevented a team of inspectors from carrying out an inspection by actually guarding his son's store in the Exposition Complex. We caught him in this situation and filmed him. Gen. Florica presented the cassette to the minister of the interior, Gen. Danescu. We do not know what happened after that.... What we do know, however, is that Col. Vitiuc is still carrying on his work "just fine, thank you." I do not know if he was ever even "scolded" over this matter.

On the other hand, I was underscoring earlier the quality of the personnel hired for the Financial Guard, of the inspectors, but I should also point out the "quality" of a numerically rather significant portion of the members of the economic police. The majority of them simply cannot transform themselves from militiamen into policemen; and, even though they have changed their insignia and, perhaps, part of their vocabulary, the methods they use are still those of the period before December 1989....

*** Economic Reform Council Head Assesses Progress**

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pp 8-9*

[Interview with Misu Negritoiu, president of the Economic Reform Council, by Ilie Serbanescu; place and date not given: "The Current Economic Model Is Not the One Needed for Progress"]

[Text] [Serbanescu] Under communism, the worst thing that could happen to you was to be praised by an adversary. Hoping that we are no longer under communism and that we will never be again (although one can never be sure), I will be so bold as to praise Mr. Negritoiu. I consider him to be one who truly believes in the need for reform and who knows what must be done. From this perspective, Mr. Negritoiu is on the other side of the fence only insofar as he is now in the executive branch. If right now, reformists are not in fashion and if they are viewed coldly, I nonetheless look forward to a time when they will be needed. Until then, they must persevere. I congratulate Mr. Negritoiu in this regard.

[Negritoiu] It is difficult for me to say if Mr. Ilie Serbanescu is a better journalist or economist. I have known him for a long time as a journalist; he is one of the best analysts on issues of the world economy and multinational corporations, the subject of his doctoral thesis and one on which he has published a sound book. In any case, by virtue of the editorials he has written on the problems of economic reform, he is an expert on the topic. I do not want to provide grist for his mill regarding his position on the state of reform, but I will just say that his analyses are substantial, well-founded, and credible. It would give me great pleasure to work with him as an economist on practical issues; who knows, maybe that will be possible one day. Regardless, we both are founding members of the Romanian Economic Society, SOREC.

[Serbanescu] I will not begin by asking your views on the status of reform. Instead I will lead off with a more trenchant question. How can we speak of reform when industrial production has fallen by half and yet we have not had a single bankruptcy (not one, not even in form)? I would wager that you have studies at your disposal, whether this one half drop is linear or not. And, if it is not—in other words if in some enterprises it is less than this—how can production be continued in such operations when by any world standard, once you fall below 50 percent of capacity, no operation can be efficient, even if it had been in the past.

[Negritoiu] You can see the effect of this situation in the macroeconomic indicies, in inflation, in pressure on the exchange rate—matters which people pay more attention to and for which they seek other causes than the ones you cite. It is clear that in the real economy, there is no restructuring or reform in the sense that is demanded by a market economy. I believe the drop in industrial production, which is not necessarily a negative factor, is

linear, if we consider that in general it oscillates plus or minus 10 percent among the different industries. So industrial production in one sector or subsector could be at 60 percent of capacity while in another sector it could be at 40 percent. Clearly as a result of the drop in production, cost per unit produced (including the specific energy consumption to produce that unit) has risen by 20 to 30 percent. You can imagine what a drag that produces and it has manifested itself recently in prices, and on the market it is reflected in overdue payments and in stocks. This is why when we presented the strategy for socioeconomic reform, we affirmed that macroeconomic stabilization could not happen without a restructuring of the real economy. The issue that we are discussing now is how can we actually bring about this restructuring.

With the Current Structures, Economic Growth Would Not Bring Economic Health

[Serbanescu] While you speak of a restructuring, your government talks incessantly of a recovery. If, even by your own statements, the physical structure of industry has not changed one bit, a recovery in production would mean, I think, a reactivation of these structures. In other words, it would mean a squandering of resources and a worsening of the financial blockage. So how can you still talk in terms of a recovery?

[Negritoiu] I would like to introduce a new notion: a recovery in transition. In other words, the method of economic growth which we have turned to, and the economic growth we are seeing now are, unfortunately, in direct correlation to consumption of resources, particularly energy, and, in the end, are a function of the import or consumption of crude oil. This has a direct relationship to the balance of payments deficit and to the trade imbalance, while the rate of economic growth can easily be set by the infusion of resources into the economy. This is not a model that we can continue. That is why in my first interview after I took over this position, I made the statement that nothing spectacular was going to happen in 1993 insofar as there would be no major transformations of the economic structure and the basic economic model. In other words, we are leaning toward a reform of the economic system. I do not favor continuing the economic model or transposing the current economic model in its same basic structure. The consumption of resources, especially energy, that projects an economic growth comes at a price that we can no longer afford to pay.

[Serbanescu] In other words, from one perspective, it is just as well that we do not have more resources at our disposal, especially energy, because this way we spare the economy from the continuation of a disastrous model.

[Negritoiu] Not only the economy, but society as well because, in fact, we are now creating debt. This is what the Romanian economy has done over the last three years. It has created a debt of about a billion dollars a year which has gone into an economic growth that has

not produced economic health. And this is precisely because we are following this same static model. When we made our first forecast for economic recovery in 1993, there was a sort of enthusiasm generated among many of the ministers who projected a growth in industrial production, and not just in industry, based primarily on capacity, on orders and on a spirit, an optimism.... But immediately the issue of resources came up, and they added, "if we are given such and such, if we receive so much oil, so much coal, so much gasoline" and so on. Or, if we double the trade imbalance that we have today we can also double economic growth. I have to ask myself if this is really what we need.

We Do Not Necessarily Have To Base Growth in Production on an Increase in the Debt

[Serbanescu] No, it only helps us to more quickly "bury ourselves." In other words, I can see our country under a debt of such size that we could never repay it. Look at the current foreign assistance that we have received (and this is according to the government's own figures), over 90 percent of it went into consumption and not into investment.

[Negritoiu] That is true.

[Serbanescu] So a model based on the more resources you use, the more you waste, is doomed to failure.

[Negritoiu] In the long run, the economy has its own governors built in, since the consumption and the resources allocated in the economy are limited. The ability to run up debt cannot exceed the maximum of one third the volume of exports. The volume of exports falls and this limits the capacity to infuse more resources into the economy. In the end, it self-regulates somewhat. But I do not believe that we must base a growth in industrial production, in gross internal production, on an increase of the deficit. Instead we should more quickly concentrate on improving certain principal macroeconomic indicators, as well as inflation, overdue payments and exports. It is hard to reverse the trend. It is, if you will, more of a singular thought, and can be taken as an improvisation in this discussion, but this appears to me to be more important than indicators of a growth in industrial production.

[Serbanescu] Somehow, we come back to restructuring; that is, changing the physical structure of the current production apparatus on the one hand, and on the other, the concrete problem of how do we achieve this? Do we do this only through privatization or with the assistance of the infusion of state interventionism—proreformist or something else? For example, the Agency for Restructuring. I have learned that according to newly introduced regulations, restructuring will fall under this agency's purview. In other words, the issue of pulling together the results that come from oversight. This is the way I understand the situation to be.

[Negritoiu] Accelerating privatization is a top priority for us. But an important state sector will remain with us

and we should not be under any illusion that it will not be a significant factor and that it will not persist in this economy for many years. Thus we are looking to improve state sector performance. Toward this end, we are working to clarify the owner-manager disjunction because the directors appear to be the owners or they are neither one nor the other. And we are also looking for financial discipline and restructuring: By restructuring I mean establishing the optimum ratio at the sector and at the subsector levels in three sectors that are enormous—machine construction, and the chemical and steel sectors—and at the same time, are major energy consumers.

The government and the state as a whole must tackle what we estimate to be about half of the companies in these sectors, or those companies in these sectors that account for half of the arrearages and financial nonperformance. There are about one hundred of these large enterprises. And these 100 large enterprises present different kinds of problems. For one thing, these are technologies that have been so constructed that they cannot be broken into components, that is separated to operate independently, perhaps with the exception of some refineries which are modular. Then there are the social questions because they employ the largest number of workers. There are entire cities that are based on a single one of these companies. There is the banking issue. Purely and simply, these enterprises cannot be held in check. There is a pressure, direct or indirect, political and social, that the banking sector cannot resist. So it has ducked this responsibility and transferred it to the government, asking the state to take on this group of large companies. Thus this group will be dealt with by the Reconstruction Agency. The Agency will do nothing other than concern itself with these sectors—identifying problems, proposing solutions, closing some down, restructuring others as the case dictates. The Reconstruction Agency (as we will sketch it out) will have certain authority in these areas, but given the dimensions of these companies, the government probably will make the decisions.

The question is as follows: We are introducing the bankruptcy law (and I hope we will have it approved by the end of summer), but if according to the law, there is a judicial panel, does it have sufficient competence, is it sufficiently well endowed and powerful to declare bankrupt, say, the Turnu-Magurele Chemical Combine upon which the entire city depends? Does it have any alternatives? So we should we go forward with the proposal for a package of government measures that will propose some alternatives for those industrial sectors where Romania has a comparative advantage. We will select these 100 enterprises which will be brought into the Reconstruction Agency with the necessary funding, and we will leave the rest of industry including the 6000 companies that exist today with state capital to the mercies of the market, through the banking system (that, for its part, we hope to restructure in the sense of preparing it to make better judgments about projects and companies.) We will leave these to the discretion of the

financial intermediaries, for which we hope to have a law prepared for parliament, perhaps even this summer.

We Have Taken Important Steps in Controlling the Money Supply

[Serbanescu] There is the old adage that if you want to kill a process, form a committee. This is precisely the issue with the Reconstruction Agency: Isn't it true that the government still does not comprehend the reality in these enterprises? Yet if the government is going to decide the destinies of these enterprises for which it is responsible, couldn't it have already come to grip with these realities and done so without the Agency? I am only asking. I believe that the decision is political. I believe that the major data, the critical truths, about the condition of these enterprises is known. The question is whether there is the political will to take the bull by the horns. This is critical. If this courage will come from the Reconstruction Agency then that is fine. Only that right now, this is the situation (at least this is the way I see it and I believe that there are others that view it in the same light as well): everything is blocked and if now we do not take the bull by the horns, we do not have a prayer. You talk about inflation. I do not believe that there is a chance to stop inflation without beginning to shield the economy from this nonviable industrial sector.

[Negritoiu] When all is said and done, in a given period such as the one we are going through now, and for a given problem, it is better if you concentrate your efforts in a specialized technical element to resolve the problem, even if you have to create an institution, than it is to let it remain as some problem that is a "fifth wheel" within some other institution. Of course, one could say that this should be done within the Fund for State Properties (and that is where the Reconstruction Agency will be placed because we cannot put it anywhere else legally) or it could be addressed within the Ministry of Industries. But it is a new problem with a new aspect and I think it is worthwhile if you create a new, very small element that clearly will take over the budget (as it regards expenditures) from the other institutions.

We are not creating a parallel institution, but a specific organization for a specific problem. Indeed, our last chance for controlling inflation is tied directly to restructuring. Unfortunately it is true that arrearages, payments not being made, a source for blockage in the economy and the direct result of industries that are not performing, have increased. In the fight against inflation, however, I believe that we have taken some important steps forward in recent days. The decision of the Finance Ministry to withdraw 200 billion lei of bonds paying 50-60 percent interest is a step of extraordinary importance in improving the money supply. We have also stopped the countervaluing in lei of foreign credits (that had been considered extrabudgetary expenditures and were adding inflationary pressures); we have stopped reevaluating gold stocks (that created an inflationary

money supply) and we have terminated the granting credits with 15 percent interest without entering them in the budget.

My Role Is To Participate in the Established Strategy

[Serbanescu] You have pointed to the fact that a guaranty of restructuring is its explicit presence along with appropriate measures in the government program. Yet what is also evident is the fact that there is a contradiction between this proreform program and the operative measures adopted by this same executive branch, measures that until now have been more pro-statist. The fear (and this is not just my fear) is that this program will not be carried out under the proreform policy that it proclaims, simply because the government, up until now at least, has promoted pro-statist rather than proreform measures.

[Negritoiu] We can make a distinction: before or after the approval of the program. If we are talking about the situation prior to March, one cannot ignore the possible deviations from, or even attitudes that promoted actions or laws at variance with the program. I believe that my role in the government is, above all, to defend the strategy and the program and to become a part of it with everything that we do. It should have been that this program represented an agreement on the principles of economic policy that would be implemented through normative acts. It does not always happen that way. Unfortunately, the principles get rediscussed from time to time. But I will tell you that very recently there have been four or five government decisions that you have not yet seen because they have not yet been published in the MONITORUL OFICIAL. They will begin to be published this week. They are decisions that are in keeping with the program and for which I obviously argued strenuously. And if we only speak of industrial restructuring, we have already gotten the first decision for reorganizing the regions, and the number of regional sectors will be substantially reduced. We have established criteria and domains, including bringing them under much stricter control. We have moved toward liberalizing prices and the export schedules; we removed the restrictions that still remained on a number of export products. On the macroeconomic level, what we are doing now is to leave the budget with a decent deficit. Of course, there is much left to be done and without a doubt we will have our reverses. But we will take it from the top, we will stop again and we will start again. I would be dreaming if I thought that everything would progress on an even keel. But I am retaining my optimism. In fact, this is my duty. And I will be one of the guilty ones if this program is not implemented.

[Serbanescu] I should tell you that for at least a part of the public, there is the perception that in this current government there are several centers of power and that some are for reform and some for stagnation. In any case, if we look at matters critically, Parliament will very soon go into a recess that will last until autumn. At that time it will have been a full year since the elections and

the formation of this government. Yet it has not adopted a single proreform measure. Reform is blocked.

[Negritoiu] Unfortunately there is a widespread, almost universal atmosphere of reevaluating the practical status of reform—which can be called blocked, or proceeding very slowly, or even suffering steps backward in the process. It is a disillusionment that perhaps is the result of some failures we have had in the reform process. And it is no more evident than in the process of privatization for example. There is a suspicion that I cannot fix precisely on one party or another. Unquestionably the party that governs has its share of the blame but, unfortunately, it runs the gamut from the political parties through the press. We have proposals for privatization or foreign investment that are criticized from one quarter or another such that for me is inexplicable because in the end, what is the doctrine that we are promoting and what are the principles that we are upholding in one area or another? Practically every proposal for privatization is called into question either because it is labeled too politicized or because the ideals are not sufficiently clear. There is always the suspicion that it is being sold too cheaply or that its worth is questionable. These same criticisms appear in the press from the right to the left and from the left to the right. They appear in the political arena. Factors and policies unintentionally can block this process of privatization.

[Serbanescu] But why do you say unintentionally? In fact, couldn't it be intentional?

[Negritoiu] It is not so clearcut for me. I say unintentional because even if it is intentional it could be caused by the inability to assimilate and understand, and by the quality of the information at hand. I try to look for, if you will, extenuating circumstances. Because if I do not try to look at the situation in this way, it would mean that we have a disaster.

We Are Still Discussing Principles That Others in the East Resolved Two Years Ago

[Serbanescu] If I may say so, to me this is a question of excessive politicization. It is an intrusion of politics in an area where it does not belong. There are economic issues that can be resolved in only one manner: if we want to move toward a market economy. In other words, as you said, we are still discussing certain principles. For example, the question of truly positive interest rates. We cover this ground again and again, but when we get into actual situations, once again we demand low interest rates, preferential interest rates and so on. So the question really is, where are we going? Transition to what? Now, I really don't want to get into theoretical questions.

[Negritoiu] Probably we will have to get into theory. I promoted the concept that reform was a whole unto itself, that there are standard models, and I was referring to a political and social consensus. But more and more I am convinced that reform must have political support; that reform must be sustained ideologically. However, if we do not progress beyond statements of principle, if all

we do is talk, we will not get anywhere. I met with Vaclav Klaus, the prime minister of the Czech Republic, and when I told him we were carrying on these debates (whether we should free prices or not, whether we should take macroeconomic stabilization measures, whether we should have truly positive interest rates, whether we should intervene or not), he told me that they had discussed these questions 2 years ago and had resolved them from a political and ideological point of view. Such a clarification we must have as soon as possible. Otherwise society only loses.

[Serbanescu] If you will allow me, I would like to ask a purely political question in connection with what you have just said. Currently it is being said that reform should stop or slow down because we incorrectly employed a "shock therapy." In my opinion, reform has not even begun. Thus it is ridiculous to claim that something that has not even begun has gone too fast. I want to ask you if those people who make such statements do not understand the need for reform. I do not suspect them of anything, but I am truly curious. What do you think? Not from the perspective of minister Negritoiu, but economist Negritoiu.

[Negritoiu] Yes. It is possible that some do not understand. It is clear that you need a process of formation and information because we, at least, have not used the expression that to date reform has been based on shock therapy. We have used the notion of classic liberalism, which I could also explain. But what is clear is that to the extent that you slow down reform, that you employ the notion of a practical rate of reform, the higher the cost. Take a look at the elimination of subsidies in May. It was much more costly than it would have been in May of last year, and even more costly than May the year before. In fact, this is a typical policy of gradual liberalization of prices that becomes more costly every day. So there is no thought of shock therapy. We are talking about misunderstanding here and, I believe, this is true for the amendment to the foreign investments law that is currently being debated.

[Serbanescu] The internationalization of economic life is a reality of the end of the 20th century that should not have to be discussed and that should guide the positions to be taken on this amendment. What I want to ask you, however, is if the current government has thought that the pressures to stop reform could become so intense, that there should be a program for survival without reform.

[Negritoiu] First of all, I do not believe that there is the pressure for stopping reform, or an attitude or expression as such. I think that there is no one who would dare say, even under pressure, that we should stop here, that we should do no more, that we should return to the way things used to be. It is more a question of attitude. Is the attitude the expression of the will which cannot be expressed openly or the expression of that unwillingness that we spoke of earlier? In the end, in order to envision the results of a reform process, you have to be a

visionary. Anyway, this pressure does not exist. If this pressure did exist, and if it were a consistent attitude, I suppose there could be a program that we would call a reserve or back-up program. But I do not believe that there is any such alternative. With the exception of certain attitudes, both in the press and among certain economists who try to put some theoretical basis to the hard currency market, to exchange rates in quantitative terms, attitudes which are only partial, are found only in certain sectors, and which I am convinced will not coalesce into a whole, I have not seen any programs mentioned that do not aim toward reform.

**I Would Not Want To Say What the Consequences
Would Be of a Program Without Foreign Assistance**

[Serbanescu] I have also thought about the following issue. If we analyze the situation, many of the performance criteria that the International Monetary Fund demanded of us for the current period (and I am talking about the inflation rate, the budget deficit as a percentage of GNP, truly positive interest rates, freeing the foreign exchange rate, and so forth). I do not believe we will achieve. And thus, perhaps there should be at least in reserve, a survival scenario in case we do not receive foreign assistance this year.

[Negritoiu] I do not believe that we should discuss the issue of achieving certain economic policy objectives in terms of conditions set by international financial institutions. Better we should discuss them as an expression of our own program of government. In fact, the IMF and other institutions are more arbitrators in the sense that they are detached from internal pressures and they sound an alarm when you have deviated from the standard model of development that is typical of a market economy. The IMF is doing nothing other than not risking its resources on a government program that is too adventurist. I was very unhappy to find out that in a recent interview, one Romanian official blamed the increase in the price of energy as a condition imposed by the IMF. This is a totally incorrect picture. The increase in energy prices can be explained by economic reasoning as the expression of a government policy, of a state policy, and not as a condition imposed by the IMF. We will never have clear criteria to understand the efficiency and the objective, rational allocation of resources in the economy when prices are deformed and when the prices of natural gas and crude oil from internal production are one third the world price. And when we spend hundreds and hundreds of millions of dollars to pay for the resources necessary for the national economy that we then redistribute within the economy on the basis of subsidized, reduced or distorted prices. This is the real issue. We cannot ignore the possibility that international financial organizations will not grant us assistance. But I do exclude the possibility of economic progress under conditions other than those matrixed on agreements with those institutions.

[Serbanescu] Nonetheless, let me phrase my question more precisely. Does the government now have a program that does not include foreign assistance for this year?

[Negritoiu] Such a program could be drawn up, but I would not want to say what its consequences would be.

*** Views of Romanian-Greek Dispute Over Ship
Purchase**

*93BA1297C Bucharest ROMANIA LIBER in Romanian
14 Jul 93 p 16*

[Article by Petre Mihai Bacanu: "The fleet Is as Good as Sold. Now the Question Is: Which of Them, Katounis or Vacaroiu, Will Be Awarded the Title of...Mr. 51 Percent?"]

[Text] The Greek shipowner Katounis does not want to give up the position which the 51 percent of the original Petromin-Forum Maritime contract conferred on him. No one has caught on to the fact that this contract has a basic flaw. Another "multifaceted" commission (government, financial department, economic police, transportation) has been set up, which is to give a report at the end of August (and which might possibly look for arguments justifying the government's point of view). At the end of August—but right now the contract is being redone, when it should in fact be cancelled. Moreover, Mr. Katounis is upset with the Romanian government, which is trying to renegotiate a contract which has already been signed.

In the past three years, the Romanian fleet has become the subject of uproar due to various deals which have been made. Through its very proportions, the PETROMIN-FORUM bombshell goes beyond anyone's wildest imagination. Despite everything that has appeared in the press up to now, it is sickening to see the way not one of the people called to assess the legality, the opportuneness, and the feasibility of this "structure" have not grasped, for various reasons, an essential error in it.

In Romania a paradox has existed and still exists in this branch of the economy which is so important, given a situation in which the ships flying the Romanian flag used to number more than 400; given a situation in which Romania has a large number of shipyards which used to ensure the continual delivery of all types of ships for the national fleet; given a situation in which there exists a naval academy which graduates every year an impressive number of naval officers and mechanics for servicing that fleet who should be on the move all the time in order to be efficient.

Given all these conditions in Romania, there has never been nor is there now a school of shipping, of technical and commercial management of ships. Within the REI [expansion unknown] section of the old ASE [Academy of Economic Sciences], there used to be a year-long course on transportation, but it had nothing to do with

this subject. These kinds of schools have existed for a long time abroad under various forms of organization. Owing to the lack of such a school here, people who worked directly in this field had to learn "by ear," by listening to and watching others and "stealing" their tricks of the trade.

What is happening in the Petromin-Forum case has as much to do with vocational training as with the lack of elementary economic common sense. Starting with the fact that the Petromin fleet needs a massive infusion of funds in order to ensure the ongoing healthy development of the company, the company could have obtained, in its capacity of proprietor of the ships, an external credit, at the enterprise or even the government level.

With such a credit, the company could have gone on to improving the technical condition and maintenance of the fleet, to the reorganizing of the work of technical and commercial management by procuring outside know-how, to the recycling abroad of staff employees, and even through the hiring of consultants and managers from abroad for specified periods of time in order to counteract any possible conditions imposed by banks stipulating a change of the technical and commercial management of the ships.

In actual fact, all of these tasks were put in the hands of a little firm in Greece, which is also getting 51 percent of the profit as compensation. It is hard to believe that the Forum owners have the millions which they have

pledged to invest stashed away somewhere at home, in a closet. Neither would that be the customary way of doing business. They will be able to obtain those millions on the basis of the contract which they have concluded with Petromin. If Forum still has not mortgaged the ships in order to obtain the funds and is (theoretically) making its own effort at financing, we wonder what effort of its own Petromin made to direct obtain the necessary credits which would have led eventually to Petromin's keeping control over the fleet and to keeping all of the profits within the company instead of their being shared with a Greek firm.

That is precisely the structural flaw: the securing of funds by a third party. Those funds should have and could have been obtained by the Romanian shipowner. Is it possible that Petromin or the Romanian government would not have more credibility with the banks than the roguish firm Forum? Would BIRD [International Bank for Reconstruction and Development] or BERD [European Bank of Reconstruction and Development?] have refused a plan for reactivating/developing the national fleet or a part of the fleet? Would Forum be so lacking in vision as to invest in some ships if the sector of the market which those ships operate in were not profitable?

Everyone without exception understands the need for investments of capital in the Romanian economy, but that does not mean that we should put into the hands of that capital those things which we can do ourselves.

*** Industry Lobby Said To Pressure SNS**

93CH0818A Bratislava SME in Slovak 29 Jun 93 p 4

[Commentary by Marian Bednar: "SNS and Its Steamroller?"]

[Text] SNS [Slovak National Party] chairman Ludovit Cernak, in an encounter with an opposition politician, reportedly justified his decision to enter into coalition with the HZDS [Movement for a Democratic Slovakia] with these words: "They are pushing me into it." When asked the logical question "Who?" he of course evaded answering. In a situation when coalition talks are not yet concluded and, thus, the names of those slated to head five ministries are not known, one can think of several shapes of that steamroller unscrupulously pushing SNS to go for broke even at the cost of casting doubt on all those declarations of the last three months about the party's right-wing, conservative, and oppositional stand. Leaving aside the unsatisfied financial and power appetite of the narrow SNS leadership whetted by recognition of a last chance, our attention is drawn to information published in MLADA FRONTA DNES that behind it all is the economic impatience of the heavy industry lobby embodied in Engineer Bergauer, director of VSZ [East Slovak Iron Works]. No one doubts his close contacts with the SNS leadership, especially after top HZDS leaders failed to fulfill their pre-election promises.

Slovakia in the political-economic situation in which it finds itself is virtually calling for an economic redistribution of power, and this can never happen by political decisions of one opposition party. SNS had to decide in a short time which strategy to choose, especially after the very important chair of economics minister, formerly held by Ludovit Cernak, was occupied by Jaroslav Kubecka who reportedly primarily represents the interests of a group other than the heavy-industry lobby.

Complaints addressed to the prime minister from meetings of workers at Ziar nad Hronom that the new economics minister ignores their grievous economic situation serve as a real indication that their patience as well as that of their employers is running out.

SNS showed itself politically approachable, to which HZDS responded primarily by relinquishing the post of privatization minister. It is precisely this ministry with its responsibilities that provides the key to a possible agreement on redistributing economic and financial influence among the various interest groups, of course with the necessary presence of political power. The preliminary proposal of a duo—Kubecka to head the department as minister, Miskovsky as state secretary in the ministry—offered the prospect of agreement for both groups. For unknown reasons, the proposal fell through and Vladimir Meciar, mindful of securing a good starting position in the play for power, took the privatization ministry under his wing. So now he holds the important key in his hands and thus can happily dictate the extent and duration of the political and, ultimately,

economic and financial wrangling which will be directly reflected in parliamentary headcounts.

Only time will tell whether this political construction is soundly based or not. Mr. Hegel asserted that truth is a whole. Talks between HZDS and SNS are continuing.

*** Description of AD Party Program Published**

93CH0818C Bratislava SME in Slovak 9 Jul 93 p 10

[Text] Allow us to introduce ourselves: The Alliance of Democrats [AD] is a civic party active on Slovak Republic territory since May 1993. At present, AD is preparing its program and setting up a countrywide structure of base organizations. We want to create a modern political party for those voters who are convinced of the need to complete system changes in a direction aiming at a free Slovakia with a market economy.

The Alliance policy is a policy for the free citizen in a free Slovak Republic. We invite your cooperation. For your orientation, we are making public some passages from the AD SR program theses.

From the Economic Program

- We want to put into effect a reform of the economy toward a market economy in which there will be no room for state monopolism and waste of our tax monies to prop up failing enterprises and unnecessary institutions.
- We stand for a rapid and extensive privatization under public control.
- In the relationship between the state and the economy, we reject excessive state dirigism.
- For entrepreneurs and small businesses, we want to create a tax climate in which they can develop. Therefore, we want a reform of the tax system.
- We want full protection for the private property of each citizen.
- In the process of privatizing state enterprises, we want to see established adequate credit and tax conditions allowing also domestic entrepreneurs to participate successfully.
- We want to support a state policy that takes into account the reality of European markets for farm products and, in this context, the creation of adequate protection and support instrumentalities.
- We support a targeted state policy of tax abatements, upgrading of the highway system, and a rapid development of infrastructures—in particular telecommunications—that would provide a basis for developing Slovak regions attractive to the tourist industry.
- In the process of privatizing state enterprises, we want to make sure that the structure of industry will change

in a way leading to the reduction of its demands on energy, raw materials, and the environment.

- We want a forward-looking economic policy which will not devastate but rather preserve and enhance the natural potential of the Slovak Republic.

Changing the State From Totalitarian to Democratic

- In the practice of state agencies and institutions, we reject all indications of a return to the methods of the former regime. We want to ensure that protection of the citizen's interests moves up to first place in the activities of the state and its officials.
- We will press for a substantial improvement in the stages of the process of drafting new legislation in the SR National Council. The legislative process must improve in quality.
- Activities of state agencies must be publicized and subject to controls.
- We want laws that will prevent mixing the interests of a public office with private business. We want to halt the practice of abusing public and government office.
- We want a law protecting information obtained by agencies of the state administration on property and other matters concerning the personal life of the citizen.
- The state's policy and the conduct of its representatives must improve the trustworthiness of Slovakia and create conditions for an inflow of investments into Slovakia. We want to act in a way that will help improve the Slovak Republic's name abroad.
- It is necessary to eliminate political and state influence in the banking sphere and make public control possible in the sphere of state credit guarantees.
- We want respect for the citizen's right to be informed fully and truthfully; we want the establishment of conditions for the rise and operation of a dual system with the development of independent private information media.
- We want Slovakia to be a country of law and order. Our policy seeks to place us in opposition to corruption, crime, and chaos in which the dishonest fare better than the diligent and able. We will press for strict control and observance of law, also in the sphere of private enterprise.
- We want broad cooperation with European countries in the struggle against drugs, international and organized crime.
- In political life, we will adhere to the principles of dialogue and agreement, help maintain the necessary social peace, act against extremism of every kind, and respect minority rights which are an inseparable part of the Slovak citizen's individual rights.

- We want to strengthen the powers of localities and communities, improve their self-government, broaden their revenue bases, bring the place where financial resources are used closer to the place where they are generated.

From the Social Section of the Program

- We want a concept-based government policy on youth in order to improve the young people's opportunities for education and a start in life. We want to press for a policy of support for young families.
- For retirees, we want to provide and guarantee social security but at the same time create opportunities for entrepreneurial and work activity, thus supporting those able to remain active during their senior years.
- We want to improve the system of social protection of citizens against the negative consequences of the transition to a market economy. We seek to bring the government's social care up to a higher quality level of services and to target it more precisely. We want to supplement government health insurance with private, with the aim of creating a competitive climate. For the insured, this will mean an opportunity to choose and have a better quality of services offered.
- We regard the problems in education, science, and health services as primarily system-derived. We want these government departments to have guaranteed resources for their adaptation to the new conditions so as to avoid disruption in these areas. Investments in science, health, and education we regard from the perspective of the citizen's interest as the most effectively invested monies.
- We want to ensure multiple resources for funding health care, to determine the share of public and private contribution.
- We want to set up a tenure system in the state administration and raise the reward for competent work.
- We want to improve the quality of working life, especially by a more objective evaluation of the work performed and improvements in the work environment.

Foreign Policy Goals

- We want Slovakia to maintain a permanent political dialogue with its neighbor-countries, with good-neighbor relations our pre-eminent foreign policy goal. We also want Slovakia to be an active member of the Visegrad Four.
- The Alliance will press for a pro-European foreign policy with the goal of bringing Slovakia into the European Community, the Western European Union, NATO, thus ensuring Slovakia's security.

Esteemed citizens, the Alliance of Democrats of the Slovak Republic is a party working for realism, soundness, and transparency in politics. It is, therefore, open to all who wish to join in a dialogue with it. We welcome sympathizers, members, experts, and citizens who decide to engage in public work in regional politics. To us, the citizen is a partner for dialogue.

How To Contact Us

The simplest way is by filling out the form printed on this page and sending it to the address of the AD office.

* Attempt To Test Citizenship Law Announced

93CH0818B Bratislava REPUBLIKA in Slovak 1 Jul 93
p 1

[Article attributed to Slovak Press Agency (TA SR): "Uhl a Slovak Citizen... Will He Turn to UNO?"]

[Text] Petr Uhl, former dissident, former deputy of the CSFR Federal Assembly, and former general director of

the Czecho-Slovak press agency, yesterday took an unusual way to choose Slovak citizenship in order to protest the Czech citizenship law which forbids dual Czech and Slovak citizenship. This was reported by the CTK [Czech Press Agency] which was cited as the source by AFP.

Petr Uhl, a 52-year-old "convinced federalist," yesterday came to the Slovak Republic Embassy in Prague requesting to have "Slovak citizenship" entered in his identity document, according to CTK. "The citizenship law is unconstitutional and antiliberal," he explained. "It is possible that I will be stripped of my Czech citizenship. In that case, if necessary, I will turn to the Constitutional Court. According to the Charter of Human Rights and Fundamental Liberties, no one can be deprived of citizenship against his will," he added.

In contrast with the Czech Republic, Slovakia allows dual citizenship for its inhabitants originating from the CR, in consideration of the division of Czecho-Slovakia effective on 1 January of this year.

Federal

Montenegrin-Serbian Economic Relations

93BA1352D Belgrade BORBA in Serbo-Croatian
26 Jul 93 p 7

[Interview with Bozo Kovac, an economist in Podgorica, about relations between Montenegro and Serbia, by Jasna Kesic and Ljubo Mudresa, place and date not given: "I Don't Believe in Administration From a Distance"]

[Text] *From the economic standpoint, the idea that Montenegro be a confederal unit in a military alliance is close to me.*

The Yugoslav economic area in a certain sense should be decentralized and allowed to have a certain degree of political autonomy. That's what I think about Vojvodina and Kosovo, and especially Montenegro. From the economic standpoint this would be quite understandable, and from the political standpoint, does not presuppose any separatist motives at all. I simply don't believe in administration from a distance, especially in crisis situations. It is better to have soft state structures and a decentralized administration in the economy, because the system is then more resistant.

This was said in a conversation with BORBA by the renowned Podgorica economist Bozo Kovac, a man who considers that it would be best for Montenegro to become a non-customs-zone in which ex-territorial companies and offshore business would be opened up. Thus we immediately ask him at the beginning:

Does this mean a change in relations between Serbia and Montenegro and does it mean a joint state at all?

Serbia Doesn't Lose Anything

[Kovac] I think that we need economic sovereignty and, my God, some other sovereignty also comes after the economic. From the standpoint of economic development, the idea that Montenegro will be a confederal unit in a military alliance with Serbia is close to me. Here Serbia would absolutely not lose anything, because everything would proceed normally like it does now. On the contrary, we would have an additional benefit that we would share. Serbia would be able to profit here, buying goods in a duty-free zone. And it would not have to use other free zones, as Cyprus is, if ex-territorial companies could be able to open up in Montenegro and offshore business could develop. We could be a relay for other areas, and perhaps a middleman for connections with former Yugoslav republics. I can't remember even a single economic reason that Serbian territory would be harmed. Montenegro could lose more here, because it has remained defenseless.

[BORBA] It can often be heard in both republics that Montenegro, if it became economically independent, could not feed its 600,000 inhabitants, even if it is a customs or free zone. Is this correct, in your opinion?

[Kovac] Naturally, it's not correct. The economic structure of Montenegro is very favorable precisely for the creation of a duty-free zone, which could be the shortest and fastest

route to a way out of the economic crisis. Our agricultural system is not so bad, we have a powerful energy system, two metallurgical combines, a good system of forestry and wood processing, tourism, a maritime system, a main, established transportation infrastructure... The major problem that we in Montenegro cannot solve is the problem of administration and general organization. We have to get a little money, and what is more important, a better head of the household and administrator in this system of ours. And Serbia is not that, because it is a part of this same territory. We must look for a different one from us. And in order for foreigners to come, attractive tax laws must be passed and the whole legislative system organized in such a way that it is compatible with the outside world. In order for us to do all this, we need economic and political sovereignty.

Uncontrolled State Projects

[BORBA] And in this federal state, "two eyes" look rather cross-eyed when the economy is in question. Where are such great differences between Podgorica and Belgrade in carrying out an economic policy coming from?

[Kovac] They are of an objective nature in large measure. Montenegro is a small meeting place and one can govern here inductively, as a gathering of situations all of which you can recognize. It is said that King Nikola recognized all his grown subjects. Thus, the Montenegrin Government can also, "in spirit," recognize all large firms in the Republic and solve each problem individually. In Serbia the area is much larger and one must govern there deductively, with some general orientation. From that side there exist objectively some different styles. Perhaps the deficiency of our Montenegrin cadres is that they are taught here to govern inductively, so that when they go to Belgrade they adjust with more difficulty, because they must switch to some different models.

[BORBA] There also exist some other, seemingly more basic differences. It is often heard that the Montenegrin Government has a market orientation, and the Serbian doesn't.

[Kovac] The Montenegrin authorities have a market belief and a courage to take steps that are risky and that are costly. I would not say that this is the case in Belgrade, although I know the situation there less well. It's a pity that this belief in the market in Montenegro more resembles a religious act than a knowledge of market doctrine and mechanisms. I have the impression that the government does not have a market concept, one that is called a vision, but rather a blind belief that market mechanisms are ideal. That's often a mistake and I fear that there is a bad tendency for us to compromise these undisputed values through poor implementation of both the market and democracy. It seems to me that this government, through some uncontrolled projects, like the purchase of apartments or the completely incomprehensible distribution of land, can compromise an objectively understandable direction.

[BORBA] If we assume that Montenegro, in some fashion, encircles its economic sovereignty, the question arises to what extent it would be responsible to Serbia and other neighbors.

[Kovac] Here the criterion would have to be that no one could do anything that would harm a neighbor more than he himself would benefit. These are criteria of moral behavior that are outside the economy.

Consumer Basket Cost of 3 Cities Contrasted
93BA1351A Belgrade POLITIKA in Serbo-Croatian
25 Jul 93 p 7

[Article by Radoje Nikolic: "No One as Much as Us"]

[Text] How are we living, how much money do we need for food, how high are our salaries, and what is the present cost of the market basket to feed a four-member family?

It is a very thankless task to seek answers to such questions in the present marked inflationary situation faced by inhabitants of the FRY [Federal Republic of Yugoslavia]. The hyperinflation which blazed during July has resulted in completely disrupted relations between the prices of products, which change daily.

And while hyperinflation is blazing in our country, some of the former republics of the SFRY obviously do not have such problems, and their inflationary difficulties are negligible compared to the price increases occurring in our country.

How are the Slovenes, for example, getting along?

The Same Price for Bread and Bananas

According to a report from our correspondent Milan Jaksic, the minimum average cost for a four-member family in Slovenia amounts to about 1,500 German marks [DM], but that includes the full cost of living from food and clothes to payment for services. It is difficult to cover those needs with one average salary, because in May it amounted to DM625. Because pays have been frozen in Slovenia for several months now, our correspondent writes, salaries have been allowed to rise with inflation, which in June rose at a rate of 1.4 percent.

That is right, the monthly inflation in June was only slightly more than 1 percent, which by our standards is almost incomprehensible at a time when daily inflation is more than 7 percent.

However, as far as Slovenia is concerned, in June a four-member family there needed about DM450 for food, our colleague Jaksic reports. Individual prices look like this: a kilogram of bread costs DM1.4, a liter of milk DM0.78, a kilogram of bananas DM1.4 (the same, then, as a kilogram of bread), green peppers cost DM3.3, a kilogram of tomatoes costs DM2, sugar costs DM1, a kilogram of apricots DM2.8, flour costs DM0.9, a kilogram of cheese DM11, a kilogram of ham DM12.8, meat without bones (baby beef or pork) costs between DM9.4 and DM9.7, a liter of vegetable oil costs less than DM2, while a kilogram of lean bacon costs DM12.6.

The prices of most foodstuffs, except for meat, smoked meats, and cheese, are now less than a few months ago, and the open-air market is also less expensive every day, because after the price freeze three months ago there has been a considerable drop in the standard of living of the population, our correspondent reports. Textiles and a number of other products are also cheaper, which has slightly increased the sale of all articles whose prices have fallen, and this applies especially to clothing and footwear.

A Richer Diet—DM35

In Macedonia, however, the situation is different. As our correspondent Milisav Krstic reports, in Skoplje a four-member family needs about DM35 a day for food. That means that DM1,050 are needed per month for food, under optimum conditions, while the average salary is about DM210, and the minimum salary about DM100.

Following almost two months when prices remained much the same, in July the people of Skoplje have been facing new waves of price increases, our correspondent writes. Power has become 121 percent more expensive, petroleum products 33 percent, municipal services and utilities 22 percent more expensive. Because the price of gasoline has risen, there has been a mild increase in prices of fruit and vegetables in the open-air market.

"If, then, the aim is a proper diet according to European standards with 15 articles for three meals a day on the table, then that luxury for a four-member family in Macedonia costs about DM35."

The Belgrade example as to the price of the daily market basket is a story in itself because of the hyperinflation which is devaluing earnings every hour and because of the prices which change every day. That accounts for the calculation that the statistical market basket of 15 articles at the present time, in late July, costs about 80 million dinars, or about DM10. Because of the steady rise of prices (especially the rapid rise in prices of meat and smoked meats), this same market basket would cost half as much just seven days earlier.

DM10 for Food

Average salaries, of course, cannot come close to keeping pace with the rise of prices. For example, according to the most recent figures of the Republic Bureau of Statistics, the average pay in June was about 45 million dinars. When we bear in mind that this pay was received in the form of several advances, we arrive at an average value of the average paycheck that ranges between DM15 and DM20.

This accounts for the hyperinflationary disproportion between the money necessary for food and the level of the average salary. That is, if DM10 are needed to feed a four-member family, then about DM300 are needed per month! At the same time, if the average pay is at best about DM20, then 15 average paychecks are needed to feed the family!

Belgrade Court on Jugoskandik Bankruptcy
93BA1370G Belgrade BORBA in Serbo-Croatian
 4 Aug 93 p 9

[Article by Goran Volf: "The End of Jezda's Financial Empire"]

[Text] Jugoskandik Savings Bank went into bankruptcy two days ago by decision of the District Economic Court in Belgrade. Thus came the final end of the financial empire of Jezdimir Vasiljevic, because before the savings bank, bankruptcy proceedings were also opened against Jugoskandik Petrol and Jugoskandik D.D. [Joint-Stock Company].

Hundreds of aggrieved savings depositors yesterday made a disturbance in front of the courthouse in Masaryk Street, some even did a good business selling copies of claims applications which creditors of Jugoskandik filled out and presented to the court so that they might receive compensation from the future bankruptcy estate. There were no reasons for panic, because the court will be receiving the claims applications only as of the date of announcement of the bankruptcy in SLUZBENI LIST SRJ [OFFICIAL GAZETTE OF THE FEDERAL REPUBLIC OF YUGOSLAVIA].

Applications to the Bankruptcy Administrator

All claims applications will be forwarded to the bankruptcy administrator when the deadline passes for accepting them. Applications will be accepted for 30 days from the date of publication in SLUZBENI LIST, and even after that until the date set for the final division. According to Judge Milanko Ristivojevic, the presiding judge on the bankruptcy panel, there is no reason for a disturbance, and those who file claims earlier will not gain any priority or advantage. Dusan Abramovic, a lawyer from Belgrade, was appointed bankruptcy administrator, and Radovan Miljkovic, an economist from Belgrade, his assistant.

As of the date of publication of the opening of bankruptcy proceedings, employment was terminated for all employees of Jugoskandik, but they all are required to provide evidence to the court on the debtors' property. But most people are aware of the stealing, looting, and pilfering that has taken place since Jezdimir Vasiljevic's spectacular flight.

The date that has been set for the main division is still not known, nor is it known what will be included in the bankruptcy estate. Therefore, the court is calling upon all creditors to submit their claims and all debtors of Jugoskandik Savings Bank to immediately meet their obligations. Although under the contract the term of the claim has not expired, they are required to return everything immediately as of the date that bankruptcy is initiated.

The commission established by the bankruptcy panel, which has been making an inventory of the property of Jugoskandik in the previous proceedings to ascertain conditions for initiating bankruptcy, has completed its work and what it has inventoried represents only a guide for the

bankruptcy administrator and the court as to where to look for Jugoskandik's property. However, much of this has been concealed in shady deals, as is well known.

Where Did Banka Privatne Privrede [Private Business Bank] Get the Money?

The bankruptcy administrator, according to Judge Ristivojevic, should draw up an initial balance sheet of the estate to include everything that has been found—physical property, rights, or money belonging to Jugoskandik. Master Jezda did leave behind a large amount of property, but often it was fictitiously transferred to other owners, uninventoried, or hidden somewhere. The court must now undertake to find that property and then to collect all the claims applications, and after that sell the property and turn it into the money from which it is possible to settle equally with the creditors, among whom the savings depositors are certainly the most numerous. No one knows the exact number of depositors as yet, nor the precise debt of Jugoskandik.

All of this is a long-lasting legal process, and all the depositors can do is to wait until it is all over. Any pressure on the court and judges is nonsensical, because it has no influence whatsoever on the decisionmaking, and it creates additional difficulties for the personnel of the court, who are doing this job under conditions that are already desperately difficult. We have already written about all that Master Jezda possessed and what might possibly be part of the bankruptcy estate when preliminary proceedings were initiated to determine the conditions for opening bankruptcy.

What was confusing in the prebankruptcy proceedings was the beginning made to pay off Jugoskandik's savings depositors in Montenegro. Banka Privatne Privrede, through which Jugoskandik Savings Bank operated, has magically obtained money!?

Macedonia

'Albanian Issue' in Macedonia Discussed

93BA1329C Belgrade VREME in Serbo-Croatian
 19 Jul 93 pp 38-39

[Article by Aleksandar Boskovic: "'Albanian Issue' in Macedonia: Quarrel Between Partners"]

[Text] *It appears that the United States is ready to play a special role (at least as far as Macedonian-Albanian relations are concerned) following an adjustment in the "sphere of influence" where all indications are that Bosnia has been handed over to Russia in exchange for Macedonia.*

One of the most characteristic Balkan problems is the problem of national minorities and their national, cultural, political, and all other forms of (self-)determination. Nowhere is ethnic intermixing as pronounced as it is in Macedonia, where Slavic Macedonians, Albanians, Turks, Vlachs, Muslims, Gypsies, ethnic Macedonians (Greeks), Serbs and Montenegrins, Tzintzars, Armenians, and even Egyptians are trying to assert their own national rights. This extremely complex "cocktail" of various ethnic

groups and religions is further complicated by official attempts by (Slavic) Macedonians to define themselves as a state-building entity ("nation") and other (minority) ethnic groups as "nationalities" (or national minorities). The "minority" and "majority" problem is made even more complex by the fact that all of Macedonia's neighbors are noticeably demonstrating concern for "their" ethnic groups, but also by the fact that in some areas the "majority" has become a "minority," especially with regard to Albanians in western Macedonia. For example, on 30 June the Assembly in Kicevo adopted a resolution stipulating that only the Albanian language will be used at sessions of that Assembly and in institutions of local self-administration.

Status Issue

The problem of the Albanian national minority in Macedonia is also interesting because of the fact that the most important and largest Albanian party, the PDP [Party of Democratic Prosperity], joined the coalition government of Branko Crvenkovski (together with the social democrats, the liberals, and the reformists) and is an active participant in that government, with its own ministers. The PDP entered the government at a time when Macedonia was fighting for admission to the United Nations and for genuine international recognition, so that some local analysts feel that Macedonia's Albanians have been led to believe that they will be offered some sort of "special status" in the new state. Among Albanian intellectuals, reference is made most often to autonomy, which would apply to a large part of western Macedonia (from the border with Kosovo in the north all the way down to Ohrid; the major cities here are Tetovo, Kicevo, and Gostivar) along the border with Albania. This would include the majority of the Albanian population, which comprises between 20 and 30 percent of the 2.2 million inhabitants of Macedonia.

All the dreams of autonomy were shattered after the recent appearance by President Kiro Gligorov in Vienna (at the UN conference on human rights), and after several interviews that he has given recently. These statements influenced Albania's opposition to Macedonia's admission to full membership in the CSCE (which was also expected by the Macedonian public). PDP chairman Nevzat Halili reacted with an "open letter" to Gligorov. In this letter (which he signed as an "ordinary citizen"), Halili contended that the president had always said that the demands of Albanians in Macedonia are objective and feasible, but that in his latest statements he had taken a step in the completely opposite direction. According to an announcement by the second largest Albanian party in Macedonia, the People's Democratic Party [NDP], Gligorov "has assumed leadership of the exclusive-nationalist unitarian forces in order to build a national Macedonian state, denying the multinational reality of the republic, whereby he threatens the independence of this still-undefined republic, as well as peace in the region." For their part, officials from Skopje continue to invite all international organizations to send their commissions and see the state of affairs for themselves "in the field," while Gligorov has

proposed to the CSCE and international experts that they conduct a comparative analysis of the status and treatment of national minorities in other states.

Soft Line

It is hard to say whether this will mean the end of PDP participation in the government (and the inevitable fall of that government). There are disagreements within the PDP leadership itself concerning strategy and participation in public and political life. Thus, the Tetovo branch of the PDP "dismissed" the secretary of the PDP Central Committee, Mithad Emini, at its annual conference. Emini is regarded as one of the most prominent champions of the so-called soft line, meaning negotiations and compromise. The reaction to this from the PDP Presidency came in the form of an announcement stating that the dismissal at the Tetovo meeting was basically illegitimate and that party leaders are chosen only by the PDP Assembly. After that, Menduh Taci, the chairman of the Tetovo branch, also spoke up, saying that Emini had not been dismissed; rather, his "grass roots" had expressed no confidence in him, so that he had to submit his resignation.

The complaint by the Albanian parties is easier to understand if one bears in mind the postponement of several legislative packages (including a change in the election law, which was particularly urged by these parties), which would eliminate certain very specific objections. Macedonian intellectuals as well (such as Aleksandar Comovski, a commentator for the weekly PULS) think that there exist certain forms of revanchism by Macedonian political factors toward Albanians, whose failure to go on record during the adoption of the Constitution and late support for international recognition of the state has not been forgotten. In the public, figures on the criminal activities of speculators and smugglers are emphasized clearly and frequently—but only if they are Albanians!

Before the Threshold

On the other hand, in a recent open competition for hiring by the Ministry of Internal Affairs, scarcely 2 percent of the 300 applicants were Albanians. The first results of enrollment at Skopje secondary schools indicates that the same percentage of Albanian students—2 percent—applied for both the Secondary Economic and the Secondary Medical School. Only 3 percent of secondary school students in 1990-91 enrolled in college, while over the past six years Albanian enrollment in the technical colleges of the University of Skopje has been only 1.5 percent. These figures show that within the Albanian parties there is plenty of room for reexamining both their own tactics and their own long-term goals.

Relations between Macedonia and Albania are characterized by paradoxes. On the one hand, the border is open and people and goods cross it without any problem, which is especially significant for the approximately 10,000 Macedonians who live in the Albanian part around Lake Prespa (so-called Little Prespa). On the other hand, border incidents have become more frequent, so that last year 2,568 Albanians illegally crossed to the Macedonian side, while there were 3,200 such crossings during the first five

months of this year alone. There have been 70 incidents in the last year and a half, with gunfire in 20 or so cases. Nine Albanian citizens have been killed in skirmishes, with 13 wounded. In a recent incident at the Strezimir watchtower, a major in the Albanian army was killed after he and another officer came approximately 500 meters into Macedonian territory. This incident provoked an exceptionally strong reaction from the Albanian side ("criminal act by Macedonian chauvinistic forces"), and it happened right before the CSCE meeting in Prague, where, as we have noted, Albania blocked Macedonia's admission.

Despite all these problems, interethnic relations are incomparably better than they were in 1990 or 1991 during the breakup of Yugoslavia. Mutual dialogue and respect for all international documents on human rights appear to be the only way to bring interethnic relations in this part of the Balkans to the highest possible level. It appears that the United States is ready to play a special role (at least as far as Macedonian-Albanian relations are concerned) following an adjustment in the "sphere of influence" where all indications are that Bosnia has been handed over to Russia in exchange for Macedonia.

* Poll on Confidence in Institutions, Foreign Relations

93BA1208A Skopje PULS in Macedonian 2 Jul 93
pp 21-22

[Article by Djordji Kimov: "European View of Balkan Problems"]

[Text] *Eighty-seven percent of the public in the Republic of Macedonia agree that "it would be better if all Balkan states without exception became part of a United Europe."*

The rhythm of daily life is steadily bringing about successive changes. During quiet periods of social development, such changes are reflected in the awareness of the people in a relatively simple manner, in accordance with their essential beliefs and values. However, in periods of disrupting social changes, when the basic values radically change, inevitably there occurs a discrepancy in the assessments of the previous and now abandoned value system and of the new value system now being created. It is precisely our time that is a time of unparalleled dynamics of change, both in intensity and content. Everything that surrounds us is subject to radical change, from customs, ideas, and concepts to basic values. The direct effect of this situation is change in the structure of public thinking; the main trend is an aspiration to accept the changes. Looked at from this viewpoint, a steady sampling of changes in public thinking is a major social requirement.

In the past few years, as a result of the new requirements, major changes were made in the approach to public opinion surveys in the Republic of Macedonia. Increasingly, the purpose of the surveys has been to reflect current public thinking. It was within this context that the BriMa Public Opinion Survey Agency in Skopje, in cooperation with Gallup London, surveyed public opinion in Macedonia, applying Gallup's methods and practical experience. It is within this context that we shall analyze some of the data of the latest survey of public opinion in Macedonia, conducted between 21 and 28 May 1993, with a representative sample of 1,064 adults living in the Republic of Macedonia.

The results of the survey measuring the extent to which citizens trust the institutions of the system, based on the September-October 1992 and May 1993 surveys, are as follows:

They Trust	Sep-Oct 1992			May 1993		
	(in percent)					
	Yes	No	Does Not Know	Yes	No	Does Not Know
1. Parliament	26	61	13	27	60	13
2. Government	41	31	28	41	42	17
3. President Gligorov	79	13	9	77	13	10
4. The Army	63	24	13	69	23	8
5. The police	55	33	12	56	35	9
6. The courts	35	48	17	37	48	15
7. The public prosecutor	34	45	21	35	45	20
8. The township authority	33	52	15	30	51	19
9. The banks	9	85	6	16	79	5
Percentage of trust shown by the citizens in the institutions of the system	42	43	15	43	44	13

[All figures as published]

A comparison of the results of the two studies leads to the conclusion that the ratios between trust and mistrust of citizens in the institutions of the system remained the same in the two surveys. The balanced correlation between them and the fact that this correlation did not experience any changes over the past period leads to the premise that there is a stable and relatively unchanged attitude of a certain segment of the public who trust, compared to the segment that mistrusts the institutions. This situation is the result of a number of reasons, which could be divided into two basic groups. The first include influence factors based on internal political, economic, and social situations in Macedonia; the second group of factors are related to foreign international influences.

A direct reflection of foreign influences on the views of the public may be found in the answers of the respondents to the question of whether neighboring countries are trying to impose their will on the Republic of Macedonia. The highest percentage of the Macedonian public—70 percent—believes that the Republic of Greece insists on imposing its will on Macedonia; Serbia is next, with 54 percent, followed by Bulgaria with 48 percent, and Albania with 49 percent. This breakdown actually reflects the high degree of pressure exerted by the neighboring countries, to which the Republic of Macedonia is currently subjected. This trend in relations among Balkan countries, in addition to influencing internal conditions in the Republic of Macedonia, also determines the opinions and views of the Macedonian public concerning international issues.

Consistent with these findings are data according to which 87 percent of the respondents agree that "it would be a good thing if all Balkan countries without exception become part of a United Europe." This view, in addition to being a rational answer to the existing situation seen by the Macedonian public in terms of the current pressure applied on our country, is also a complementary view of the European vision of [resolving] Balkan issues. This could become a lever for the successful elimination of mistrust in intergovernmental relations in the Balkans. That this could become a reality in intergovernmental relations is illustrated also by the fact that 82 percent of people polled in the Republic of Bulgaria, agree with this statement (data based on a public opinion survey conducted in Bulgaria during the same period of time).

The consistent nature of a pro-European orientation is also confirmed by the fact that 91 percent of the respondents (as compared to 84 percent in 1992) support the intensification of ties between Macedonia and the European Community. In this context, we should stress that the processes of opening Macedonia to international associations and institutions meets with overall extensive public support. Let us note that the extent of such support is higher compared to that of last year. Specifically, in the 1992 survey, 39 percent of the respondents were prepared to support the intensification of relations with NATO, whereas this year the number rose to 58 percent.

In the Republic of Macedonia, the pursuit of a peaceful international policy meets with extensive support from the public. This can be seen in the fact that 91 percent of the

respondents in the May 1993 survey agree with the statement that Macedonia should not have territorial claims toward any other country, as opposed to five percent of citizens who do not agree with this claim, and four percent who have no opinion.

Despite the difficulties experienced by the country, and the fact that views may be conflicting on a number of domestic issues, which is normal for any country following the path of democratic development, the overall study of the results of public opinion in Macedonia leads to the conclusion that there is a high degree of agreement among the public on a number of international issues and an acceptance of the principles of a peaceful policy and international cooperation.

Which of the following countries has the greatest aspiration to impose its will on Macedonia?

Country	Yes	No	Does Not Know
Bulgaria	48	28	24
Serbia	54	25	21
Albania	49	31	20
Greece	70	16	14

What is your attitude toward increased relations between Macedonia and:

	Positive	Negative	Does Not Know
NATO	58	13	29
European Community	91	3	6
Russia	72	18	10
United States	86	7	7
Turkey	82	11	7
Japan	77	8	15

Do you agree that "Macedonia should not have territorial claims toward any other country"?

Yes	91 percent
No	5 percent
Does not know	4 percent

* Party of United Macedonians Denounces Serb Group

93BA1231C Skopje NOVA MAKEDONIJA in
Macedonian 30 Jun 93 p 4

[Statement by the Party of United Macedonians: "Perfidious Game by Serb Institutions"]

[Text] On the occasion of the meeting held by the Association of Serbs and Montenegrins in Cucer Village, Skopje area, and the resolutions of that association on the involvement of the Republic of Macedonia in the so-called orthodox union with the rest of Yugoslavia, the Party of

United Macedonians has issued an announcement stating that that party rejects this resolution, for the Republic of Macedonia no longer wishes to be anyone's territory, least of all Serbia's.

The Party of United Macedonians considers the idea concocted in Belgrade of the alleged threat of Islam, an idea promoted by the Serbian institutions, a perfidious game that can have a negative effect on and be dangerous to Macedonia and its independence.

That party, the announcement reads, demands that the government and the highest Macedonian leadership look more closely at the increased provocations from the north.

*** Leadership Change in Macedonian Orthodox Church**

93BA1185A Skopje NOVA MAKEDONIJA in
Macedonian 12 Jun 93 p 15

[Article by Miroslav Spirovski: "Is There a Storm Coming After the Quiet Resignation?"]

[Text] *What ruined the health of 81-year-old Archbishop Gavril so that he withdrew from the helm of the MPC [Macedonian Orthodox Church]; five priests from Prilep and Bitola, whose right to perform services has been taken away, are a thorn in the side of the Holy Synod.*

The Macedonian church leadership, as never before, has been brought before the altar of St. Kliment's in order to surmount the constant challenges from the disturbed waters of the Serbian, Greek, Bulgarian, and other attacks against the independence of the MPC, as well as to settle and calm its own ranks, afflicted with various factions, radicalisms, and disagreements. Unfortunately, it is precisely at these crucial moments that fate simply wanted our helmsman to lay his compass on the table, and leave the Macedonian church ship in the hands of the entire Holy Synod of the Archbishops of the MPC.

Whether or not the health of the former head of the MPC, Gavril, Archbishop of Ohrid and Macedonia, has been ruined to the extent that he cannot guide the Macedonian St. Kliment ship to his last breath (as the canonical lawyers say) is already a relative question. The fact is that what happened in the Macedonian church hierarchy's leadership did happen: the head submitted an irrevocable resignation for health reasons (as he himself claimed in his explanation), probably not wanting to bear on his 81-year-old shoulders the entire unwanted burden encumbering the Macedonian church. Whether he succeeded in this, or whether he will be credited with the characteristic of being insufficiently decisive and robust, since Orthodox helmsmen remain behind the helm until they surrender their spirits to heaven, will be shown by time and by the dignified analysis of every detail that will inevitably be conducted by those called upon to write Macedonian national and church history, and by the defenders of Macedonian national interests.

Discreet Departure

Everyday history indicates that the one who provided the Macedonian people and the MPC with the third translation in the world of Christianity of the book of books, the Holy Scripture (the Bible) into Macedonian, this time modern Macedonian, thus elevating his people and their culture and literature to the peak of world Christian recognition, has now left as quietly and discreetly as if he tried to guide himself by the highly respected St. Kliment's throne. His Holiness Gavril wanted to guide events in the MPC through the principles of evangelic love, not attacking anyone (although attacked by his spiritual brethren), and to respect everyone from an ordinary layman to the head of the other sister church. Although he is not mentioned in the liturgies of any of the sister Orthodox churches, he never allowed the liturgies that he presided over to pass without glorifying the name of every Orthodox church head. After all this, however, it seems that he did not have enough acuteness to assess the inherited problems both on the altar of his own church, and in the sister churches, with respect to the MPC.

Certain events, for example, which were publicly manifested in the diocese of the Prespan-Bitola eparchy and reflected on the Macedonian archbishops and happened directly in front of his archbishop's throne could hardly have been accepted by him and perceived as the problems that can even happen to a church. Both those and other problems, however, could have been solved quite easily and did not have to be exposed to the curious eyes of the broadest public, if there had been unity in the ranks of the Holy Synod of the Archbishops of the MPC on adopting just solutions and building prosperity in every MPC parish in the fatherland and abroad, for every believer, monk, priest.... The clashes among priests, which are still continuing today, focusing on the five priests to whom the Prespan-Bitola metropolitan denied the right to conduct services in the churches in that eparchy. Fighting to prove that they are innocent, for several years now, but most of all recently, they have been a thorn in the side of the MPC's Holy Synod of Archbishops. In this struggle, the head, Gavril, was most seriously affected, from all indications, since it really is illogical and evangelically counter-productive for the archbishop, at one moment, to sign a document on the return of the above-mentioned priests to conduct services at one of the Bitola churches, and soon afterward, after the return of Metropolitan Petar from the United States and Canada, the Ohrid and Macedonian Archbishop was put in the situation of signing another document denying these priests the right to conduct services where they had previously been sent. Immediately afterward, they simply moved into the premises of the Archdiocese in Skopje, threatening that they would also bring their family members there, since they did not have any funds to live on. Their pressures became daily ones, with the aim of solving the problem once and for all. It was not solved, however. It still exists, like the mouth of a live volcano, from which a lava of different truths about can flow at any moment, which can give rise to a conflict between them and the bishop can flow at any moment.

Church Rallies

As a result of this, not so long ago, there were rallies in Bitola, which is incompatible with church practice. Nevertheless, when truth is fighting to see the light of day, the forms through which it will break through to the light seem relative. Certainly, all of this, as well as the various quarrels among the bishops, the glimmer of the unresolved demands and problems from the Macedonian Orthodox church communities and eparchies in Australia, Canada, the United States, and Europe, daily worsened the already weak health of the head, putting him in a situation in which he can no longer deliver a sermon during the annual holy days of Easter.

Archbishop Gavril devoted a great deal of attention to relations with the sister churches, especially the Serbian Orthodox Church [SPC], which he naturally felt to be the most important in presenting the renewed autocephalic status of the MPC to the other sister churches. Last year's renewal of the negotiations between official delegations of the MPC and the SPC, the announcements of joint services between Macedonian and Serbian clergy, and the joint archbishops' liturgy that was proposed to be conducted by bishops from the two churches, headed by their two heads, cast a ray of light and aroused hope in the Macedonian archbishop that the "Holy Spirit was among us and would finally show us the way to evangelic love, justice, and truth."

When the SPC's archbishop leadership, however, turned their backs immediately after the talks in Kalista, Strusko, that had a serious effect upon the old and experienced priest, who could not understand why some people say one thing, do something else, and think a third thing. The Macedonian church commission composed of Metropolitan Petar, Timotej, Mihail, and Stefan remained unanimous in their determination on consistent defense of the MPC's autocephalism, a principle from which no deviation was allowed for a single moment in the negotiations with the SPC delegation. Nevertheless, the Serbian-Greek church injustices toward the MPC are continuing and "inflicting serious consequences on us. Nothing will stop the MPC's Christian mission as an independent church, however...."

Thus, in the focus of inherited and newly created problems, faced with a struggle for power in his own immediate surroundings, Gavril felt the weight of his inability to stop the course of events and to redirect them in the only direction proper for the church—the Gospels and the canons. He was also hindered by his weak health, to which he had never given due attention.

And he was advised: "Your Holiness, take the archbishop's staff firmly in your hands.... Some things have to be solved that way."

His answer, however, was always the same, and still is today: "I sat down on St. Kliment's throne with the Gospels and the Holy Cross in my hands. It is my credo on the path illuminated by the eternal flame of St. Kliment's lamp."

It is as if he did not recognize the times, or, perhaps, himself in them....

* Biographies of Macedonian Archbishops

93BA1185B Skopje VECER in Macedonian
19-20 Jun 93 p 7

[Unattributed article: "Archbishops of the Macedonian Orthodox Church"]

[Text] The Holy Archbishops' Synod of the MPC [Macedonian Orthodox Church], after approving the resignation of the former head, decided on the election of a new one, even though the MPC will find itself in an unusual situation: being a church with two archbishops, one active and one passive. According to the MPC's constitution, the election is made by the current archbishops, but at least three candidates—which does not mean that there cannot be more, even including all six—have to be proposed to the electoral Church-People's [clerical-laity] Assembly. Who are they?

Kiril (Nikola Popovski)

- Metropolitan of Polog-Kumanovo.
- The senior archbishop in order of ordination.
- Born on 23 June 1934 in Carev Dvor (Prespan).
- Graduated from a seminary in Moscow and the Theological School in Skopje.
- Ordained as metropolitan on 17 July 1967.
- He speaks Russian, and uses English.

Gorazd (Bogoljub Dimitrovski)

- Metropolitan of Strumica.
- Second archbishop in order of ordination.
- Born on 13 September 1936 in Kumanovo.
- Graduated from the Theological School.
- He was first a priest, and on 26 July 1977, was ordained as Tiveropol bishop.
- He does not speak a foreign language.

Petar (Jovan Karevski)

- Metropolitan of Prespan-Bitola.
- Third archbishop in order of ordination.
- Born on 29 May 1946 in Bogomila (Veles).
- He graduated from the Secondary Theological School and the Theological School, and spent three years studying at the Gregorian University in Rome.
- He was ordained as metropolitan on 14 June 1981.
- He speaks Italian and English.

Timotej (Slave Jovanovski)

- Australian metropolitan and Debar-Kicevo administrator.

- The fourth archbishop in order of ordination.
- Born on 20 October 1951 in Mlado Negoricani (Kumanovo).
- He graduated from the Theological School, and spent two years studying at the Oriental Institute in Rome.
- He was ordained as metropolitan on 20 September 1981.
- He speaks Italian and English.

Stefan (Stojan Venjanovski)

- Metropolitan of Bregalnica.
- The fifth archbishop in order of ordination.
- He was born in 1955 in Dobrusevo (Bitola).
- He graduated from the Theological Institute, and spent two years studying theology at the Lyceum in Bari.
- He was ordained as metropolitan on 3 July 1986.
- He speaks Italian and English.

Mihail (Metodi Gogov)

- Metropolitan of Povardar.
- He is the oldest in age, but the junior archbishop in order of ordination.
- He was born in 1912.
- He graduated from the Theological School.
- He was a priest, a rector at the Secondary Theological School, and a professor at the Theological School in Skopje.
- He was ordained as metropolitan in 1989.
- He speaks English, French, and Russian.

* Names of Streets in Skopje Changed

93BA1241A Skopje VECER in Macedonian
10-11 Jul 93 pp 10-11

[Article by M. Ivanova: "Historical Personalities on Skopje's Streets"]

[Text] In the next three months, 34 streets, six boulevards, four squares, one bridge, and one district in Skopje will be renamed. At its latest session (two days ago), the Skopje city assembly passed the renaming resolution. It will take place in several stages and, altogether, the names of 210 streets will be changed. In the first stage, the number of streets, squares, boulevards, bridge, and district we mentioned will be changed. What characterises all of them is that the new names are related to Macedonian national history, and are nonideological.

Some of the names included in the first stage of the renaming are relatively unknown to the broader public. For that reason, the city assembly (more specifically, the commission in charge of memorials, street naming, and other projects) has provided brief explanations for each name, as follows.

Within three months, citizens living on Aurora Street will change their address to Kresna. Kresna is a little town in Pirin Macedonia [Bulgaria], noted for its revolutionary activities during the Turkish slavery. In October 1878, a rebellion broke out in Kresna with an attack on the Turkish garrison. The uprising grew into a national uprising against Turkish slavery. Today's Aleksa Dundic Street will become Ivan Manolev Street, a name from Aegean Macedonia [Greece]. Ivan Manolev was born in Kukus. He was a sailor and was Goce Delcev's only companion in his travels around Macedonia in 1901.

Bela Kraina Street will be renamed Blaze Birinceto Street, after the rebel of Veles and Krusevo, born in Birino Village, and died in 1911 in Zurce Village in the Demir Hisar area. Bosko Buha Street will become Arh. Sotir Tomovski Street, after the known architect and participant in designing most projects in Skopje, where he was born. Sava Kovacevic Street will become Hristo Tatarcev Street, named after the known physician. Tatarcev was one of the six founders of the Macedonian revolutionary organization. The present Hristo Tatarcev Street will be renamed Nadbiskup Cekada. The Skopje Trnodol District, also known as Popska, was rebuilt after the 1963 earthquake through the exceptional efforts of Archbishop Smiljan Cekada, who personally traveled to the Vatican, the United States, and other countries, to seek aid for the victims.

Ivan Milutinovic Street becomes Pavel Satev, the last of the sailors who dedicated his life to revolutionary activities. After the liberation, he was a minister in the Macedonian government and died as a prisoner of the Cominform [Communist Information Bureau sponsored by Soviets 1947-56]. Zelengora Street will be renamed Viktor Ivanovich Grigorovich Street, after one of the greatest Russian Slavist who traveled in Macedonia from 1844 to 1847, collecting ethnographic and folklore materials. It was he who interested Russian scientists in Macedonia. Dimitrie Tucovic Street will become Risto Siskov Street, after the noted Macedonian actor and member of the ensemble of the Macedonian National Theater. Djuro Djakovic Street will become Miroslav Krleza Street, after one of the greatest European writers of Macedonian origin, more precisely, his ancestors were from Dojran. Mosa Pijade Street will be renamed Vojvoda Vasil Adzilariski Street, after the famous Skopje military leader killed by the Turkish occupation forces in Skopje in 1909. Pavel Ilie Street will become Arhiepiskop Dositej Street, after the first archbishop of the restored Autocephalic Ohrid-Macedonian Archbishopric. Proletarska and Rade Koncar Streets will become, respectively, Aco Sopov and Zivko Cingo Streets, after the noted Macedonian literary figures; Ramiz Sadiku Street will become Depa Kavajova Street, after the famous singer and curator of Macedonian folklore. Sedmi Juli [Seventh of July] Street will become Makedonski Kralevi Street, after all the ancient Macedonian kings. Uzicka Republika Street will become Zivko Firfov Street, after a musician whose works are closely related to Macedonian folklore. Titogradska Street will become Kiril Makedonski Street, after the academic musician and author of the first Macedonian national opera,

"Goce." Titovouzicka Street will become Dragan Djakonovski-Spato Street, named after the now deceased composer of popular music.

Trinaecetti Juli [Thirteen July] Street will become Majka Tereza Street, after one of the greatest benefactors in the world and Nobel Peace Prize winner, who was born in Skopje. Vietnamska Street will become Hadzi Jovan Sisko Street, after a philanthropist and worker for the awakening of the Macedonian people, who left a great deal of his property to the revolutionary movement.

Ivo Ribar Lola Street will become Mitropolit Teodosija Gologanov Street. Because of his involvement in the revival of the Ohrid Archbishopric, Gologanov was cruelly persecuted by the Greeks, Bulgarians, and Serbs. Vasilie Djurovic Street will become Hadzi Trajko Street, after the organizer of the educational and revolutionary movement in Skopje, who donated the land for the Sveta Bogorodica Church, within which the first grammar school Sv. Kiril i Metodi School was built. Koruska Street will become Dragutin Avramovski Gute Street, after the noted artist and professor at the drama faculty, now deceased.

Neretva Street will be renamed Hristo Batandziev Street, after one of the organizers of the VMRO [Internal Macedonian Revolutionary Organization] in 1893. Veljko Vlahovic Street will be renamed Dimitrija Cupovski Street, after the great Macedonian journalist and fighter for Macedonian national character. Dimitrija Cupovski Street will become Branko Zarevski Street, after one of the pioneers of Macedonian journalism, essayist, and literary critic. Anton Popov Street will be renamed Metodija Andonov Cento Street, after the first historical president of Macedonia. Ognjan Prica Street will become Anton Popov Street, after one of the leaders of the workers revolutionary and national movement in Pirin Macedonia. Mitropolit Teodosija Gologanov Street will become Arhiepiskop Angelarij Street, after the bishop of Pelagonia and archbishop of the Macedonian Orthodox Church.

Boulevard Edvard Kardelj will be renamed Boulevard Aleksandar Makedonski, the king of antiquity and the greatest military leader of the Ancient World; Oktomvriska Revolucija Boulevard will become Osmi Septemvri Boulevard, named for our state's independence day [8 September] in 1991. Jugoslavija Boulevard will be renamed Nikola Karev Boulevard, after the great revolutionary and Ilinden participant, the ideologue and organizer of the Krusevo Republic in 1903.

[Box, p 10]

Renamed Streets

Streets

- Avrora becomes Kresna.
- Aleksa Dundic becomes Ivan Manolev.
- Bela Kraina becomes Blaze Dirinceto.
- Bosko Buha becomes Arh. Sotir Tomovski.
- Sava Kovacevic becomes Hristo Tatarcev.
- Hristo Tatarcev becomes Nadbiskup Cekada.
- Ivan Milutinovic becomes Pavel Satev.
- Zelengora becomes Viktor Ivanovich Grigorovich.

- Dimitrie Tucovic becomes Risto Siskov.
- Guro Djakovic becomes Miroslav Krleza.
- Mosa Pijade becomes Vojvoda Vasil Adzilarski.
- Nikola Dobrovic becomes Arhitektot Nikola Dobrovic.
- Pavle Ilic becomes Arhiepiskop Dositej.
- Proleterska becomes Aco Sopov.
- Rade Koncar becomes Zivko Cingo.
- Ramiz Sadiku becomes Depa Kavajova.
- Sedmi Juli becomes Makedonski Kralevi.
- Uzicka Republika becomes Zivko Firfov.
- Titogradska becomes Kiril Makedonski.
- Titovouzicka becomes Dragan Djakonovski-Spato.
- 13 Juli becomes Majka Tereza.
- Vietnamska becomes Hadzi Jovan Sosko.
- Ivo Ribar Lola becomes Mitropolit Teodosija Gologanov.
- Naum Ohridski becomes Sveti Naum Ohridski.
- Vasilie Djurovic becomes Hadzi Trajko.
- Prohor Pcinski becomes Sveti Prohor Pcinski.
- Koruska becomes Dragutin Avramovski Gute.
- Neretva becomes Hristo Batandzev.
- Veljko Vlahovic becomes Dimitrie Cupovski.
- Dimitrie Cupovski becomes Branko Zarevski.
- Anton Popov becomes Metodija Andonov Cento.
- Ognjen Prica becomes Anton Popov.
- Mitropolit Teodosija Gologanov becomes Arhiepiskop Angelarij.

Boulevards

- AVNOJ [Anti-Fascist Council of People's Liberation of Yugoslavia] becomes ASNOM [Anti-Fascist Assembly of the People's Liberation of Macedonia].
- Edvard Kardelj becomes Aleksandar Makedonski.
- JNA [Yugoslav People's Army] becomes Sveti Kliment Ohridski.
- Oktomvriska Revolucija becomes 8 Septemvri.
- Crvena Armij becomes Makedonska Vojska.
- Jugoslavija becomes Nikola Karev.

Squares

- Marshal Tito becomes Makedonija.
- Kliment Ohridski becomes Sveti Kliment Ohridski.
- Kiril i Metodij becomes Sveti Kiril i Metodij.
- Sloboda becomes Plostad na Slobodata.

Bridges

- Oktomvriska Revolucija becomes 8 Septemvri.

Districts

- Sindjlic becomes Metodija Andonov Cento.

*** Central Bank Regulation of Interest Rates**

93BA1217C Skopje NOVA MAKEDONIJA in
Macedonian 22 Jun 93 p 3

[Article by M. A.: "Administrative Regulation of Interest Rates?"]

[Text] Business banks should reexamine interest rates and coordinate them with the National Bank of Macedonia

[NBM] discount rate and the economic conditions prevailing in the country; so far three-quarters of the scrip has been withdrawn, and the 50-, 100-, and 500-denar ones will be valid until the end of July; in one month, a turnover of \$45.690 million was achieved in the foreign exchange market.

The NBM's council thinks that the interest rates set by business banks are unobjectively high, according to what was said at a press conference held yesterday at the central bank, at which Governor Borko Stanoevski, Deputy Governor Tome Nenovski, and foreign exchange section director Dusanka Hristova spoke. For this reason, the NBM governor explained, the council decided to recommend to the banks that they reexamine their own interest policy, which does not coincide with the economic conditions prevailing in the country. Likewise, their rates should be coordinated with the NBM's discount rate. If that does not happen, i.e., if the banks do not make an adjustment, then according to the council's decision, an initiative will be taken for administrative regulation of the banks' interest rates.

With respect to the discount rate set by the central bank, using the methodology in effect—averaging the rate of inflation during the preceding three months and the rate planned for the next three, while adding 1 percent as a realistic part—Stanoevski continued, the council decided that a realistic value had been established with respect to it. Furthermore, this rate is coordinated with the rate of the growth of inflation.

Passing on to the other part of monetary policy, the amount of money in circulation, the governor stated the council's decision that the 50-, 100-, and 500-denar coupons would be used as a medium of payment until 31 July, instead of until the end of this month, as initially planned. The extension of the deadline, however, is due to the fact that the Public Auditing Service is not receiving coupons in these denominations, so there are obstacles in withdrawing them. The other coupons, with values of 1,000, 5,000, and 10,000 denars, will still be used for a certain period, but this time a deadline is not being set. Otherwise, Stanoevski added, so far three-quarters of the scrip has been withdrawn. Thus, of the 1.26 billion denars—the total amount of the scrip in circulation before the release of denominated denars—only 278 million denars in scrip is left now. Thus, at the moment there are 1.27 million denars, of which 21 percent, or 278 million, is in scrip.

The foreign exchange market started to function on 18 May, and since that date, up until 18 June, there has been a turnover of \$45.69 million within its framework, Hristova announced. Of that amount, \$13.5 million was bought and sold between enterprises, and the rest was between banks and enterprises. The NBM, which bought \$5 million and sold \$4.22 million intended for settling obligations for imports of oil and oil derivatives, was also a participant in the market. Hristova emphasized that it was interesting that on 28 May, and on 5, 8, 10, and 18 June there was a decline in the exchange rate compared to the previous day, as a result of the free formation of the exchange rate based on the principle of supply and

demand. Examining the problems occurring in the foreign exchange market, the NBM council adopted a decision on changing and adding to the Decision on the Method and Conditions for the Purchase and Sale of Foreign Exchange Among Legal Persons. It was furthermore decided that the phased purchase of foreign exchange from the market would only be allowed for importing oil, and that the funds would be kept in an account at the bank from which the convertible currency was bought. According to Hristova, the previous provision remains in effect for importing other types of goods—the foreign exchange is to be bought within the period of 48 hours after the delivery of the payment obligations. As she explained, this exception is being made for oil because no one can guarantee that the necessary amounts of foreign exchange will be in the market during the two days provided.

So far exchangers working in their own name and on behalf of the central bank have bought \$1.08 million, and sold \$132,000. Of that amount, \$948,000 was transferred to the foreign exchange reserves. Otherwise, Hristova continued, by 17 June 70 permits were issued for carrying out exchange transactions, of which 39 are working in their own name and on behalf of the central bank, five in their own name and on behalf of a business bank, and 26 in their own name and on their own behalf. Of the total number of permits issued to date, 12 are for banks, two for physical persons, and 56 for legal persons. At the moment, another 46 applications are being considered, and decisions on them will be issued in the course of this week.

Since certain difficulties have also appeared with respect to exchangers, the NBM council, according to Hristova, likewise adopted changes in this area, and in the application of exchange rate lists. Thus, from now on they will be used daily from 12 AM to 12 PM, and not from 3 PM to 3 PM, as in the past. She added that the government likewise adopted a decision that the prescribed 50 percent of the total foreign exchange purchase did not have to be sold daily, but rather on the next day, at the exchange rate in effect on the date of the sale.

[Box, p 3]

New Graphic Designs for Denars

The jury commission formed to evaluate the work of participants in the competition for designs for paper money, scheduled by the NBM (the competition was open from 15 December 1992 to 15 April 1993), delivered a report on its results, which was also accepted by the NBM council, Deputy Governor Tome Nenovski said. The first prize, in the amount of 9,000 marks (in the equivalent denar value) was awarded to the author with the code name Dorian, the second prize (6,000 marks) was awarded for the designs under the code GM 120 335, and the third prize of 4,000 marks was awarded to Fluminensis. Appreciating the quality of other works as well, the council decided to provide compensation for the designs under the codes 11 October Press-Prilep and 710 Jana. The authors are receiving 1,500 marks apiece, likewise in the equivalent denar value.

In any case, eight candidates participated in the competition, and the graphic designs for which awards were given and compensation was provided, as well as the copyrights of their producers, remain the NBM's property. In the future, they will serve the central bank in designing of paper money, which will take place in several years. As Nenovski emphasized, this is because the manufacture of money is a prolonged process; he cited the case of the Dutch guilder, which took seven years to manufacture.

The designs (awarded prizes and compensation) are on display at the NBM, but it is still not permitted for them to be shown in public.

*** Problems in Handling Traveler's Checks, Credit Cards**

93BA1217A Skopje VECER in Macedonian 30 Jun 93 p 3

[Article by V.M. Bozinovska: "Without a 'Visa' for Foreign Exchange!"]

[Text] *After our country's monetary independence, banks stopped issuing credit cards; in order to become members of the well-known credit companies, our banks have to conclude contracts, but on the condition that they will be creditworthy in foreign exchange; some banks already have started the process, and if everything goes all right, the first credit cards can be expected in a month, and until then, the possibility remains of taking out only DM1,000 or even more, but with bank checks.*

To put it simply, credit cards and traveler's checks, as one of the instruments for payment in the modern world, do not exist in our country. Actually, the numerous widely known and used credit cards, such as Visa, Diners, American Express, Eurocard...have not been used as a medium of payment in the republic for more than a year.

Consequently, not only are our citizens denied the opportunity to use the cards and traveler's checks for payment abroad, but also foreign citizens staying in the republic (diplomatic representatives, business partners, tourists...), even though they usually have them, are not allowed to use them. Their lack of representation is perceived as a big shortcoming, especially now, when the government has adopted a decision limiting the amount that citizens can taken with them when traveling abroad to DM1,000, and nothing more.

Excluded From the System

"At the moment credit cards cannot be issued in our country, and thus they cannot be used to make payments by foreign citizens staying in the republic, since with Macedonia's monetary independence, our banks were excluded from the credit card system," said Viktorija Mandicevska, director of the Foreign Exchange Reserves Directorate at the National Bank of Macedonia. "Actually, our banks, as the banks of a new state, will also have to conclude new contracts with those companies, deposit a certain amount of foreign exchange as security, and obtain licenses to be able to issue the credit cards."

Such an attempt, as we were informed, is already being made by the Komercijalna, Stopanska, and IK Banks, at the latter of which, as we were informed by Ljubomir Maievski, assistant general director, negotiations on reactivating Visa cards have been concluded, and it is expected that this card will start to be issued in the republic in one month. As far as the other banks are concerned, however, steps are not yet being taken in this area, and the bankers do not want to give an answer as to why. It is more than clear, however, that in order for a banking institution to conclude a contract with any of these world credit companies, it not only has to be authorized to work with foreign countries, but it also has to have foreign exchange creditworthiness. Apparently it is precisely here that the key to the problem lies, since there is no other way to interpret certain banks' "apathy" in this area.

The fate of the well-known traveler's checks is identical; as we were told by Djordji Davidovic, senior associate at Stopanska Banka AD [joint-stock company] in Skopje, the foreign correspondent banks are not giving them to our banks because of the situation in the former Yugoslavia. Consequently, according to Davidovic, contracts with foreign banks for obtaining this type of checks, for the time being, are not being concluded except, as we were informed, at Komercijalna and Invest Banka. Thus, our citizens, in addition to credit cards, have been denied one more possibility to take more foreign cash to pay for goods and services when traveling abroad, except for the permitted DM1,000 in cash.

Checks the Only Way Out

Consequently, at the moment the only way to take more foreign exchange out of the country than the prescribed limit for traveling and staying abroad is bank checks, which are drawn by a bank upon a bank, i.e., by the parent bank in this country, which issues them to the foreign bank with which a contract has been concluded and where a foreign exchange account is opened. Unfortunately, so far these checks are only issued at two banks in the republic—Stopanska and Komercijalna.

"Citizens can use our bank checks in almost every country in the world, except for Spain and Portugal, as well as in African and Asian countries, since we have not concluded contracts with them. The check is issued to citizens who have a foreign exchange savings passbook or account (only new foreign exchange savings) at the bank, and by means of this check, the owner can take out of the country as much foreign exchange as he needs to travel abroad," said Margarita Ogenovska, head of the Checks and Exchange Affairs Service at Komercijalna Banka. As she stated, however, this kind of check can also be obtained by a Macedonian citizen who is not a depositor at the bank, by depositing the foreign exchange, after which he will immediately receive a check, which can be made out for the same amount that he has deposited in the bank. The bank charges a 0.5 percent commission for obtaining this check, and if a conversion is made into foreign currency, then an additional 2-percent commission is charged. Otherwise, the check is good for three months from the date of issue,

while the period can be extended; and if the funds designated for the check are not spent, they can be returned to the account, at the ratio of 90 percent in foreign exchange and 10 percent in the equivalent denar value.

At Stopanska Banka, however, depositors who have already opened a foreign exchange passbook or account at the bank (new savings) are not charged a commission for obtaining a bank check, and those who deposit foreign exchange on the spot in order to get a check are charged a 1.03-percent commission. Stopanska Banka's bank check is valid for three months, the period can be extended, and the checks can be used in every country in the world, except in the Middle East, with which the bank does not have current accounts.

The use of this check, however, which is only made possible for us by two of our banks, is not any big advantage if one bears in mind the fact that it cannot be used to make payment for goods and services, and instead has to be exchanged for money. That can be done only at the foreign bank with which the parent bank has concluded a contract and opened a foreign exchange account, or at correspondent banks. Thus, if it happens that one of our citizens wants to travel to a country where our bank does not have a contract concluded for using the check, he will not be able to exchange it for money, nor will he be able to pay for goods and services. For those who, we might say, have a bit more luck and travel to a country where they will be able to cash the check, their only way out is to pay the commission at the bank and leave the country with a larger amount of foreign exchange, in addition to the permitted DM1,000.

* Court Decision on Protection of Trademarks

93BA1217B Skopje NOVA MAKEDONIJA in
Macedonian 20 Jun 93 p 3

[Article by S. Kiridzievska: "Court Protection for 'Boss' and 'Marlboro'"]

[Text] *The sale of poorly manufactured copies that do not have any connection with the original verges on economic crime; it has been unofficially learned that the Coca-Cola Company has criticisms of how its name is being used.*

The presence of foreign firms, which brought products to the Macedonian market directly from world centers, implying a guarantee of the name and of the quality being offered, is becoming more and more uncertain every day. This threat comes from the frequent abuses of trademarks, as a result of which the originals are withdrawn in the face of poorly manufactured copies, which are much cheaper, but also of much lower quality. Such frauds are nothing new in the world, but with the liberalization of business here as well, cases are occurring that verge on economic crime.

Many people recall the case of the counterfeit Boss jackets, which the domestic firm Trgotekstil displayed and sold in its own stores for only 1,500 denars. The public was surprised by the news that the world-famous producer

Hugo Boss would sue to protect its rights, which Trgotekstil violated by selling jackets that did not have any connection with the original except for the name. The mood among the merchants, who did not try to deny that they were selling consumers something that was declared under someone else's name, showed that this step did not worry them too much. Hoping that all of this would pass without any serious consequences, they calmly continued to sell the jackets, even though they did not have a legal right to do so.

Such things do not go unpunished in the world, and so, even though we are still far away from it, something is nevertheless changing in this regard. Wanting to put an end to this, the Hugo Boss headquarters in Germany sent a letter to the Ministry of the Economy and to the Macedonian Chamber of Commerce, pointing out that the jackets were not part of this producer's official collection, did not meet the prescribed standards, and were not even being distributed by the legal person that has these rights for the Republic of Macedonia, in this case Jukan. The Market Inspectorate's inspection showed that these jackets were imported from Greece, through barter deals with Prespateks, and the result of their sojourn between Prespateks and Trgotekstil is their appearance in the latter commercial firm's shops. While Trgotekstil sold them for only 1,500 denars (in three installments), Jukan was buying them for DM350 (factory price), plus 39 percent tariff and 22 percent sales tax, as well as the wholesale and retail margin. Thus Jukan, the official distributor for Macedonia, also felt that it had been harmed, since the Boss line being sold in Skopje had to have the same price as the one being sold in European centers.

According to Milisav Tanevski from the Ministry of the Economy, which is supposed to clear up this problem, the jackets are not violating Jukan's status, since they are imported from Greece, which means that the German headquarters has to clear up this problem with the Greek distributor. Likewise, this ministry does not have any relevant proof that the jackets meet the prescribed standards, which, of course, is an abuse that has to be prevented. The international registrations that Hugo Boss delivered to the ministry should help to have this case end up in court, which will decide what happens next.

The Philip Morris company, which asked the Macedonian government to protect its rights in distributing Marlboro cigarettes, also had that problem. Cigarette dealers import whole tractor-trailers full of alleged Marlboros, thus destroying its name and trademark. These cigarettes conceal a real danger, since they are produced in a factory with obsolete technology, with poor-quality tobacco, and are much older than the prescribed world standards. As we learned, the Ministry of Foreign Affairs is preparing materials on all world firms that operate on our country's territory, with the aim of protecting their rights.

For the time being, work is being done on two individual cases of firms that are demanding their rights. If we want to interest foreign producers in bringing goods to our market, however, they have to be guaranteed protection from such abuses. If the authorities do not undertake

anything, it will be interesting to see how they react when the Coca-Cola Company, which likewise (we have unofficially learned) has criticisms about what is produced under that name by domestic producers, tries to protect its rights.

Montenegro

Dafiment Coffee in Hands of Depositors

93BA1370D Belgrade BORBA in Serbo-Croatian
4 Aug 93 p 11

[Article by B. Milosevic: "Dafiment Coffee With a Dafiment Depositor"]

[Text] Bar, 3 Aug—The entire fleet of Rumijetrans of Bar was delivering coffee from Bar to cities all over the country two days ago. A total of 382 tons was carried away.

The coffee was imported for its own purposes by Dafiment Company. However, because this firm is one of the founders of Dafiment Banka, where it is the owner of 70 percent of total capital, savings depositors to whom the bank has not met its obligations asked the Basic Court in Bar to seize the coffee. The court issued a seizure order, but the lawyers of those who imported the coffee appealed. The case began back in May, and as matters now stand it is uncertain when it will be completed.

The coffee was stored in the port of Bar, and the daily costs of using the warehouse were 43 cents per ton. There was obviously the possibility of the entire amount of coffee becoming the property of the port. The worried depositors asked the court to allow them to see to the preservation of the coffee. This was also granted them, and after that there began the greatest distribution of coffee ever seen in these parts. Each of the depositors on the basis of the court decision loaded trucks of the Bar carrier with the amount of coffee which after sale could compensate him for his deposit in Dafiment Banka. In the port itself, the depositors had to meet the obligations of the organization that had stored it up to now. Individuals paid as much as \$10,000 or more. But they also took away as much as 250 tons of coffee to their homes and the homes of their

friends! Today, there is no longer a single coffee bean in the port warehouses. It has all been carried away.

The court case is continuing meanwhile. Judges in Belgrade, Podgorica, and Bar are to have their say. It is not very likely that this litigation will be over soon. The depositors who have taken the confiscated coffee for safekeeping mention in particular that they also, just like the seaport, will be collecting storage charges. Someone has said in jest that it could happen that the depositors would be left with the coffee, and Dafiment Banka would still be in debt to them.

Vojvodina

Farmers Block Roads in Protest of Prices

93BA1352C Belgrade BORBA in Serbo-Croatian
26 Jul 93 p 7

[Unattributed report: "A Blockade of Roads Today"]

[Text] The crisis staff of the Union of Farmers of Vojvodina is preparing to block all roads in Vojvodina today, 26 July, from 1200 to 1600 hours, and on Tuesday, from 1200 to 1800 hours, as a sign of warning. In addition, silos, mills, ovens, and payments turnover offices will also be blocked.

"There is an indication that today, when we have practically risen up in rebellion in Vojvodina, Dr. Radoje Kontic, president of the Federal Government, will come to visit us, with associates. It is good that they have remembered to come to us. It's not for us to organize delegations, which have gone to them, and except for empty promises, gotten nothing," says Tuvedzic.

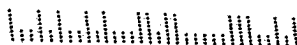
Farmers in Serbia are getting from 0.06 to 0.08 marks [DM], at the most, per kilogram of wheat and are raising their voices. Three years ago, when they destroyed the government of Ante Markovic, they received DM0.35 and sought DM0.40 marks. Production costs were much lower then, because there were sufficient petroleum, chemical fertilizer, and spare parts at lower prices than those today. Today the world price for a ton of wheat is DM250, and our farmers are being offered, at the most—DM80!

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