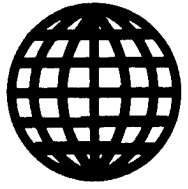


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East Europe

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Meciar Government Assails Journalists

92CH0941A Frankfurt/Main FRANKFURTER
ALLGEMEINE in German 10 Sep 92 p 14

[Article by Berthold Kohler: "The Shadow of Big Brother: In Slovakia, There Are Growing Indications of a Disturbed Relationship Between the Government and the Press"]

[Text] The image of Vladimir Meciar, the prime minister of the republic, has long since disappeared from advertising billboards in the Slovak capital city—advertisements for German coffee and Austrian travel agencies have benevolently covered over the placard dispute resulting from the most recent election campaign. Portraits of the chief of the government are now more likely to be found in official offices, where followers of his party—the Movement for a Democratic Slovakia (HZDS), have found a place to earn their daily bread. Pictures of Meciar also hang in the editorial offices of the daily SMENA, although this exhibition is most likely the least favored one for the strong man of Slovakia. "Big brother sees you, big brother loves you, big brother knows what is good for you," says the quotation from Orwell's vision of the surveillance state, beneath the image of Meciar. Optically, as well as in its articles, the editors make no secret of what they think of the "one-party rule" in Bratislava. The "big chairman," as opposition politicians like to dub him, with a mixture of sarcasm and envy, does not like that at all. Meciar accused the liberal newspaper of "disseminating false information and of being unfriendly to the government," when, a day after the election victory by the HZDS, the paper was published in the form of a death notice. Since then, according to one of the editors, the government has been trying to silence the unpopular critics.

Transformation of the Newspaper

Currently, Minister of Culture Slobodnik is investigating the transformation of the paper into a stock corporation, which would remove the daily from the direct influence of the government. In the event the joint venture with the French Socpress publishing house were to be rejected as being illegal, ownership of the paper would once more be returned 100-percent to the "Children and Youth" Foundation, which is subordinated to the Ministry of Culture. The "disciplining" of the editorial staff would then only be a question of time they fear at SMENA.

It was not only the open conflict with one of the three largest newspapers in Slovakia that has earned the new government the reputation of wanting to exert improper influence over the media. A sensation also resulted from the renationalization of the "Danubiaprint" printing plant, which had been privatized by the former government shortly before the elections. The printing plant produces more than 80 percent of all Slovak newspapers, something which promoted the fear of state influence in the press industry. The new privatization minister, Dolgos, commented that it is "better to have a state monopoly than a private monopoly." The deputy

chairman of the HZDS and vice president of the Slovak parliament, Huska, justified the reversal of the decision by saying that basic regulations had repeatedly been violated during the sale of the printing plant. The facility had allegedly been dumped at a ridiculously low price, which would "not even have been conceivable under early British capitalism." And besides, there had been no real competition regarding the takeover.

In another "media case," the Ministry of Culture is refusing to recognize the results of such a competition regarding the granting of a television license "for juridical" reasons. A television producer of Hungarian origin was denied the right to begin broadcasting by Deputy Minister of Culture Mjartan—a right which had been granted by his predecessor in May. Political rather than judicial reasons were behind this decision, according to the producer, who is not exactly known as a follower of the HZDS.

The Meciar team is also laying itself open to suspicion on the basis of personnel changes in the radio and television broadcasting system. The deputy chairman of the Civic Democratic Union (ODU), Miklos, is accusing the government of "illegally" recalling the members of the Television and Radio Council, who were appointed for a period of seven years, and replacing them with new individuals. He alleges that the HZDS is clearly attempting to exert influence upon the media. HZDS Deputy Chairman Huska vigorously denies this: Television continues to be fully in the hands of those forces which lost the elections and which have now attempted to drag the work of the new government through the mud. "Only on radio is the situation already better."

But press people friendly to the government are also moving in elsewhere. The chief of the Slovak portion of the CSTK news agency was replaced by an individual who wants to publish information which is "in harmony" with the government program. Although a federal television program continues to exist and to offer information which contrasts with government-conforming data. However, because Meciar considers it to be the principal instrument of "anti-Slovak Prague propaganda," the partition of both of the republics has progressed nowhere else as far as it has already taken place in the federal television channel. The information flow between Bohemia, Moravia, and Slovakia has slowed down palpably. The television people were only able with difficulty to fend off Meciar's insistence that he wanted to make an address on Slovak television each week.

"Perfidious Attacks"

For a long time, Meciar has not trusted the Czech media and the foreign press which is resident in the Czech Lands. Referring to accusations, which have in fact frequently been voiced to the world without any proof, Huska says that, in the past two years, Prague has launched constant "perfidious attacks" against the HZDS chairman. Huska sees an "enemy information

lobby" at work against Slovakia and considers Hungarian multimillionaire and media mogul Soros to be part of it. He says that the Czech government has good contacts with the NEW YORK TIMES, in which Slovakia is portrayed as being a racist, chauvinistic, and anti-Semitic country and Slovaks are portrayed as a "wild people." How "hot" the media war between Prague and Bratislava has become in the meantime is demonstrated by the type of rumors which have been circulating recently on the other side: There are Czech journalists who believe that they would be under surveillance by the local secret service if they were to travel to Slovakia.

Meciar leaves the foreign press, which is assembled in Prague and which is accused of prejudice, to the publicity work performed by Czech Prime Minister Klaus, who also has his very personal views regarding the mission of the media, without any struggle. The HZDS believes that it can maintain contact with the world via the Viennese press corps. Press conferences in Bratislava, on the other hand, are becoming more and more like clandestine meetings of a hand-picked flock of reporters. Access to the prime minister is granted primarily to members of the "Club for a Truthful Picture of Slovakia," whose journalistic qualifications, however, are questioned by many nonmembers. The association is said to be an elevator for unscrupulous careerists, according to SMENA, because the government had indicated a desire to send "good" journalists to improve the miserable Slovak reputation throughout the world. "The club is demagogic, superficial, and bad," in the judgment of editor in chief Veres of the newspaper NARODNA

OBRODA. He says that "two or three" of his editors were members of the club of the truthful. "We parted company with them," says Veres, "but we were afraid of then being accused of restricting the freedom of expression."

In the opinion of more opposition-minded journalists in Slovakia, the HZDS was extremely surprised and disappointed, after taking over the government, that the press did not generally "defect" to its side. However, Meciar is said to understand politics to be the struggle for victory or defeat; he is, therefore, constantly seeking and finding an "enemy." On the other hand, Veres believes that the HZDS is "no worse" in its attempts to manipulate public opinion than other governments—it is just "not as diplomatic" in the ways in which it proceeds. The spokesman for Meciar also had to indirectly agree with this. The "impulsiveness" and the "emotional character" of the prime minister are said to be a reason why his utterances were not always appropriate to the situation and had to be clarified subsequently for a Czech-language daily, according to Bohuslav Geci. It is not known whether the former radio journalist derives a lot of pleasure from his new role.

Politicians of those opposition parties which, because of their weakness, are all the more dependent upon a free and critical press believe that they have detected the reemergence of an old well-known phenomenon dating back to communist times: the phenomenon of voluntary self-censorship. "It exists again, despite the fact that it is only identified with difficulty," says ODU Deputy Chairman Miklos. "It is recognizable by whatever is not written about."

TV President Hankiss's Letter to Demonstrators
92CH0970A Budapest PESTI HIRLAP in Hungarian
15 Sep 92 p 1

[Open letter by Elemer Hankiss, president of Hungarian Television, to Gergely Pongracz, an organizer of demonstration planned for 19 September 1992]

[Text]

Dear Gergely Pongracz,

I received your invitation, dated 9 September, to the demonstration to be held on 19 September.

My representative will accept the demonstrators' statement and, in case it addresses the issue, I will reply to it at an appropriate time and occasion. Allow me, however, to call your attention to a few strange contradictions manifested during your 24 August demonstration:

1. You, as a 1956-er, demonstrated against me, even though after 1956 I, too, was imprisoned as a 1956-er. You demonstrated in support of those who then, or subsequently, stood on the other side.
2. You called me to account for the lack of restructuring, even though I did more restructuring at Hungarian Television (without taking part in any kind of witch hunt or without jeopardizing anyone's existence) than the administration, allegedly supported by the demonstrators, did in the country as a whole.
3. No former communist leader remained in a leading position at Hungarian Television, with the exception of Alajos Chrudak and Istvan Palfy G., whom you cheered in opposition to me.

Frankly, I must say that I cannot follow the strange twists and contradictions in your thinking.

Sincerely yours,
Elemer Hankiss

IMF Negotiations: Likely Scenarios

92CH0929A Budapest HETI VILAGGAZDASAG
in Hungarian 29 Aug 92 pp 80-82

[Article by Maria Zita Petschnig: "Negotiations With the IMF: Pending Speech"]

[Text] *As usual, for almost two years now, no news has seeped out while negotiations between the International Monetary Fund (IMF) and the Hungarian Government have been conducted, but a gigantic struggle is probably taking place behind closed doors. It was three years ago, during the Nemeth administration, that the IMF suspended the provision of credit because of an increase in Hungary's budget deficit—a precedent for the present talks.*

The recent news that the Hungarian National Bank (MNB) has not yet used any portion this year of the

IMF's "super credit" (HETI VILAGGAZDASAG, 22 August 1992) is giving new meaning to the constantly flowing information on IMF-Hungarian relations. The press conferences that follow the talks with the IMF and the statements of various Hungarian financial leaders have, until recently, strengthened the impression that the IMF was satisfied with the results and was in agreement with the government; indeed, not even after the latest audit (completed in early July) was any "criticism" presented because of the 178-billion-forint budget deficit that was already then estimated for the end of this year. This suggested that the three-year credit agreement, which was signed in the spring of 1991, and which put Hungarian-IMF relations on a new foundation, was not in jeopardy but was a manifestation to the international financial world that one of its most prestigious institutions had special confidence in Hungary's economy.

One reason why the news of this new event is surprising is that it sheds a different light on events in retrospect, namely, the 23 March IMF decision actually gave a green light not to the withdrawal of this year's portion of the loan—as it was unanimously reported by the newspapers, based on official data—but rather to the withdrawal of the last portion for the year 1991. The IMF's "yes," regarding this year's payment, was actually due in late February when the IMF expected the government's letter of intent, which was supposed to corroborate that parliament had passed both the 1992 state budget—prepared in the spirit of the agreement signed last November with IMF delegates—and a (zero-balance) social security budget. The reason why the IMF decision—which, as we already know, involved last year's money—had to be postponed until March was that the aforementioned letter was late, primarily because of parliament's delay in passing the social security bill. (True, the administration did not give any indication to the parliament's House Committee that the social security budget—which was submitted together with the modification of the SS [social security] bill only in late December 1991—should be handled as an urgent matter in order to withdraw the IMF loan payment.) The two conditions under discussion were worked out during the talks between the administration and the IMF representatives, at the time when the issue in the audits and talks was still the availability of the total 1992 payment (about 320 million SDR [special drawing rights]; \$1 = 1.4 SDR)—at least this is what MNB and PM [Finance Ministry] officials said at the 27 November press conference.

Important National Economic Indices (in billion forints)

Year	GDP	State Budget Deficit
1988	1,435.2	10.2
1989	1,710.8	48.7
1990	2,078.5	.7
1991	2,301.5	53.1

With the knowledge of the developments in the economy, we can only make assumptions as to what could have happened in our relations with the IMF, which are very important to Hungary's economy. In theory, the interpretation that the reason why Hungarian financial leaders did not urge for and make use of this year's credit payment was that the country did not need it, cannot be excluded. Otherwise, they would hardly have kept quiet about this outstanding achievement and the flexibility of the IMF (and in general, foreign) loan timetables. However, this was out of the question, despite the central bank's extremely beneficial position in convertible foreign exchange for, according to the official information on the Kupa program's progress, servicing Hungary's debt (the combined total of capital and interest payments) amounted to \$4.4 billion in 1992, which is \$480 million more than its 1991 obligations. Incidentally, the 1992 government prognosis estimated a year-end negative balance of \$500 million in the balance of payments, and \$400 million in the foreign trade balance. Under such conditions, Hungary cannot dispense with the use of the credit payment, which carries lower interest than bonds. The foreign exchange surplus reached only a level that is sufficient for financing imports for four to five months—which is indispensable for the dependable functioning of the Hungarian economy. Thus, a probable assumption is this: When the IMF delegation visited Hungary last November (before the drawing of last year's final payment), it had to face the fact that there were problems with both social security and the state budget deficit. In other words, one of the conditions for providing credit for three years had significantly changed. According to the original agreement, the 1991 deficit could not exceed 1.5 percent of gross domestic product (GDP). However, the 1991 deficit, estimated already in November at 103 billion forints, was 4.1 percent of GDP, estimated at 2,490 billion forints. This is how it may have come to be that, in connection with the final payment, the IMF people now also want to discuss the entire ominous year of 1992.

But there were already signs at the time of the decision that was, unfortunately, delayed until last spring, that not only this year's national economic processes would not progress according to the original plan but also that they would not even fulfill the requirements that were eased during the winter. At that time, Hungary committed itself in the three-year contract not to allow the budget deficit to exceed 0.5 percent of GDP. But, toward the end of 1991, the IMF approved the 69-billion-forint deficit for 1992, i.e., a budget deficit that amounted to 2.3 percent of GDP as calculated at that time.

It was already obvious at the IMF's late June survey that this year will progress quite differently from any previous prognoses. Frigyes Harshegyi, vice president of the central bank, estimated that the annual closing of the current balance of payments would show a surplus of \$1 billion, and predicted a decrease of \$1-\$2 billion in Hungary's net debts by the year's end. It was generally

thought that GDP would only stagnate even if worst came to worst, and there were those who even predicted a 2-percent increase. In late May, the consumer price index exceeded the planned level only by 1 percent, but the increases in the prices of domestic products were much smaller than predicted. It was only the budget deficit that greatly increased, estimated at that time to reach 5.8 percent of GDP by year's end, but it seemed that the deficit could have been financed with savings. Besides, government finance presented at the summer IMF talks a program that would have decreased expenditures by 10-15 billion forints as well as promises that new tariff laws and tax modifications would be introduced in the fall.

Thus, there were positive instances for both parties to be able to compromise. This served as the basis for the need and possibility of resolving the contradiction that while the Hungarian economy "breached contract" on a significant issue, the ending of relations or even the publication of explanations is in the interest of neither party. This is how a "mutual agreement" was made behind the scenes that although the allocated credit is at his disposal, the Hungarian partner will not call it up, and that, as of August, they will talk about this year when the data of the 1993 prognosis and budget will already have been released. (It is as if we had received a gift from King Mathias's smart daughter, for which we have had to put on a happy face.)

The IMF experts are aware not only that such a pact is untenable in the long range but also that the solution to the problem of budget deficit is not a possibility of present financing, for a permanent deficit undermines the results achieved in the balance of payments and in the curbing of inflation. On the other hand, the deficit cannot be decreased by the usual trimmings (not to mention social security's and the Solidarity Fund's extra needs that amount to tens of billions). For this reason, the expected results of the present talks is that the IMF will approve the figures promised for next year and will, through many and undefeatable arguments, defend the achievements of the Hungarian economy before the international financial world, but will also press for a real state budget reform.

A "love affair," which promised to be straightforward, has come to an end and, in the marriage that was sealed by a contract, the partners are now playing for the lesser evil. Elements, reminiscent of the IMF-Hungarian relations of the 1980's, have emerged: the fundamental requirement of the maintenance of declared creditworthiness, the financial support of a "take this for example" country (by connecting the financing to major reforms, however); the setting up of requirements, which boost the development of a market economy, but which the leadership does not have the political strength to implement. There is something to fear losing, and there is reason for fear. The old truths have come to be proven, namely, that in the absence in internal pillars, the successes in foreign trade are of questionable value and volatile (see the 1984-85 assessments and decisions), and

the state budget is not independent from the economy as a whole (as it became clear in the wake of the "curbing of the worsening of the terms of trade" of the 1970's).

But the IMF's present "no but yes" is unlike its "no" in 1989 when it approved the payment of the 1988 contract's last 50-million-SDR installment. At that time, too, the reason was the sudden increase in the 1989 budget deficit, amounting to 17 billion forints in excess of the approved 12 billion. Since the budget deficit in that year was estimated to amount to 60 billion forints, the Nemeth administration submitted to the National Assembly a 30- to 35-billion-forint budget modification in late May 1989. Nonetheless, Hungary did not get the pending installment but, soon afterward, talks on a separate three-year credit contract began, for which the IMF required a new three-year government program. This program was prepared by the fall of 1989 but, in November, the IMF was willing to talk, at the most, only about an agreement on a standby credit for the following year. Presumably, they were also getting ready for the "change of regimes."

The paradox of the situation is that, in the final analysis, in the spring of 1991 the IMF signed with the Antall administration the same three-year credit agreement which it refused to sign with the preceding cabinet, only this time referring to the lack of results achieved in the wake of the Nemeth administration's decisions and to the Kupa program, which in essence, returned in its main points to what had been abandoned earlier—following the 1990 confused government program proposals.

Having reached the third quarter of the second year of this contract, IMF-Hungarian relations have become pending again. The affair is particularly painful because, while the budget deficit has increased, the hopes of growth in GDP—even in nominal value—are dwindling. It is not too extreme anymore to reckon with a 5- to 7-percent decrease in GDP in 1992. If we assume that the price index will not exceed the planned level—and then we have remained in the realm of reality—then a GDP of about 2,600 billion forints is estimated for 1992. The expected 180- to 200-billion budget deficit at year's end will constitute 7-8 percent of that, and this is greatly exceeding the 5-percent limit; any budget deficit in excess of this is considered by the IMF—at least according to its aforementioned assessment—as dangerous, even from the aspect of the results that have already been achieved.

Book Publishing Privatization Discussed

92CH0930A Budapest HETI VILAGGAZDASAG
in Hungarian 27 Aug 92 p 19

[Article by Erzsebet Eller: "Privatization of the Book Publishing Industry: Redistribution Board"]

[Text] *The government has approved the MKA [Hungarian Book Foundation]. So, has the Ministry of Culture [and Public Education] won the battle against publishers*

and trade unions? (FIGYELO Nos. 44 and 45, 1991). While its enterprises are going bankrupt one by one....

"The MKM [Ministry of Culture and Public Education] did not deny for a minute that its objective with the Hungarian Book Foundation was to have its real estate properties benefit the book publishing industry, rather than the AVU [State Property Agency] (and, thus, the budget), during the course of privatizing book publishers," we wrote last year in our article on the book publishing industry. The MKA, which was met with so much antagonism on the part of publishers, afraid to lose their real estate properties, and the KDSz [Trade Union of Book Publishing Industry Workers], afraid of losing their jobs, was in the end established last July. The administration approved the cultural portfolio's proposal, and now the registering of the MKA depends solely on the speed of the registry court. To what extent is the approved foundation different from the plan that we presented in the HETI VILAGGAZDASAG?

The MKA will be registered with a capital stock of 100,000 forints, Csaba Gallyas, head of MKM main department, informed us. Its main revenue will be the state budget's 100-million-forint allocation for the publishing industry, which similar to last year, will be distributed by the MKA board through bidding. Publishers may present their bids for individual works. Although the earlier plan was to make it possible for publishers to bid with programs as well, the money must be distributed urgently and, thus, the requirements will not be changed for this year.

The aforementioned real estate will constitute the second most important source of revenue for the MKA. The modification of the 1972 enterprise law made it possible for the state to take real estate and other more valuable properties away from state enterprises. At issue are the office buildings, perhaps warehouses, and stores of traditional book publishers and book retailers. According to the approved MKA statutes, those real estate properties which were not given to the enterprises but were purchased or built by them during their business activities cannot be taken away from the enterprises, neither can public service establishments, e.g., the vacation resorts that are so closely guarded by the trade unions. The market value of those properties that can be taken away is estimated by Csaba Gallyas to be about 300 million forints. The MKA will manage the real estate properties so acquired. It may sell or lease them, and may use the revenue, just like its other revenues, for supporting the book publishing industry.

Csaba Gallyas said that they succeeded in convincing the book publishing industry that the establishment of the MKA is in their own interest, but he does not deny that the trade unions were not involved in preparing the plans. The KDSz acquired the plans indirectly, evaluated them and then requested a meeting with MKM officials. In the end, however, their proposals were incorporated into the MKA proposal that was submitted to the administration. The MKM reckons not only with

the KDSz having been convinced, but also with the publishers' willingness to contribute a certain percentage of their own income to the MKA. This would be, then, the MKA's third source of income.

But then what is the situation with the publishers, with whose financial support the MKA is reckoning? With a few exceptions, it's very bad. This is, incidentally, also manifest in reduced book prices and in the fact that stockpiles are thrown on the market: "It does not matter for how much, just get rid of them." The supervising ministry, which has the responsibility of supporting quality literature, for the time being advises its enterprises not to publish new books. Bankruptcy proceedings have begun against Mezogazdasagi, Muzsak, and Szepirodalmi, and Teka is being liquidated. Further bankruptcies of other firms are also expected. At the same time, the privatization of Helikon, Holnap, Medicina, and AKV [State Publishing Enterprise] has begun. These have been restructured into stock companies with 100-percent state ownership, and negotiations are being conducted with Hungarian and foreign investors. In the case of some publishers, these negotiations are more intensive; in the case of others, less intensive. Kozgazdasagi es Jogi Konyvkiado, Muszaki, and Europa are in no hurry to attract capital because they are the exceptions, standing on their own feet and stable. What they need is not an injection of capital but professional investors' expertise in marketing and selling and, for this reason, they are waiting and browsing among the bids.

On what does it depend, whether a traditional book publisher goes bankrupt or remains profitable despite losing its market? The loss of market is a fact: Those who could afford to buy books do not read, according to the surveys of publishers and retailers, and those who would read cannot afford to do so. Csaba Gallyas, who was director of Mezogazdasagi Konyvkiado before assuming his present office, thinks that it depends primarily on the publishing profiles and on the rapid recognition of and reaction to the changes and demands in the marketplace. Of course, the present management can bring about only a partial change in the publisher's situation because in many places decisions are limited by inherited debts, inadequate infrastructure, and stockpiles that are difficult to eliminate. And the ministry's standpoint is that what must be salvaged is not individual publishers, but operations, i.e., the publishing of agricultural or classical literary works and not the enterprise that was established for this purpose.

Salvage, yes, but how? It can be done by seeking out professional investors and by obtaining the support of the supervising ministries that are closest to the given operation. It probably results from the view, which is somewhat different than earlier views, that the "list" of publishers slated to remain under permanent state ownership has changed. Tankonyvkiado will remain under 100-percent state ownership, and 51 percent of Konyvtarellato and 25 plus one percent of Zenemukiado will remain in state hands.

In principle, then, all the remaining publishers can be 100-percent privatized, including Mora and Szepirodalmi. Szepirodalmi's situation is the worst among the publishers. A few months ago, a ministerial commissioner was appointed as CEO, and—since it is under liquidation—the selling procedure is in accordance with the interests of its creditors. However, there is a chance that a professional investor can be lured into a deal, says Csaba Gallyas, promising more precise information by late September.

According to Gallyas, two-thirds of the bankruptcies of the traditional publishing houses resulted from a loss of market, and one-third from the emergence of new publishers, i.e., the competition. Competition in the area of book publishing and selling is welcome, he stated. It is another matter that in the meantime cultural services are in jeopardy. For instance, during the course of preprivatization, only one-third of the bookstores that were sold kept their profile, two-thirds of them were changed by their new owners to do different business. Although the cultural minister called last year upon the local governments to exercise their right to freeze profiles for five years, some midsize cities such as Celldomolk or Szarvas ended up with not a single bookstore.

But, referring to the aforementioned, Csaba Gallyas said that the Hungarian Book Foundation's task is precisely to resolve the contradictions between business interest and cultural mission. The MKA board—whose members and president do not wish to have their names published—will or will not support writers and publishers according to the latter. As it was expected, the government was reluctant to approve the MKA; before the cabinet meetings, the cultural portfolio had special meetings with other special portfolios. It was the AVU that opposed the idea most strongly—which needs no explanation.

[Box, p 19]

Hungarian Book Foundation

In order to assist the revival of and development of Hungarian book publishing and selling, the Government of the Republic of Hungary establishes an open foundation for an undetermined period.

The Government of the Republic of Hungary authorizes the minister of culture and public education to exercise its founder's rights.

The purpose of the foundation is the following: to support the publication of contemporary and classical literature and scientific and educational works, and to aid the development of efficient bookselling serving cultural values.

In order to implement its objectives, the foundation shall: provide financial support of individual publications through open bidding (individually judged and under specific conditions); provide grants through competition for the creation of literary works; provide

through competition repayable financial support for ventures that promote the development of a market-oriented, quality book selling industry; provide bank loan guarantees (under specific conditions) for businesses engaged in wholesale and retail book selling; and promote the propagation abroad (primarily among Hungarians living abroad) of Hungarian books and periodicals. The foundation shall be responsible for using its new real estate property in a way that creates favorable financial conditions for the restructuring of the companies involved; on the basis of the decisions of its board, it shall also carry out other tasks necessary for the implementation of the aforementioned objectives.

[Box, p 19]

Government Order 72/1992 (IV.28) Korm on the modification of order 33/1984 (X.31) MT issued for the implementation of statute 1977/VI on state enterprises

3. Individual properties of the enterprise under state supervision may, by the founding organization, be:

(b) expropriated and used for foundation purposes in the area of branch operations.

4. The organizational unit or property described under (1) and (3) may not be regrouped or expropriated if that would undermine the solvency of the enterprise involved.

5. A prior concurrent approval of the finance minister and—in cases where the founder is other than the branch minister—is necessary for making the founder's decisions described under (1) and (3). If the enterprise has outstanding bank debts, an opinion on the regrouping of properties must also be requested from the financial institution that provided the credit.

6. The company or foundation that exercises user's or owner's rights regarding the property shall indemnify—up to the value of the regrouped organizational unit or the expropriated property and in proportion to the expropriation—the outstanding debts at the time of expropriation.

Pozsgay Comments on Party Priorities, Growth

*AU2209164192 Budapest MAGYAR HIRLAP
in Hungarian 19 Sep 92 p 5*

[Interview with Imre Pozsgay, cochairman of the National Democratic Federation, by Cs.N.L.; place and date not given: "Pozsgay: Our Opponents Try To Underestimate Our Role—We Need a Program of the Future, Not a Crisis Speculation"]

[Text] *They stopped recruiting members because they did not want to attract people to a movement while they were making themselves out to be a party, Pozsgay said before forming his party today.*

[Cs.N.L.] In spite of being addressed in the Csurka study, you maintained a reserved posture in this debate. Why?

[Pozsgay] I have had plenty of experience in critical debates over the past 40 years, therefore, I am not in favor of debates that mete out sentences, I am for considered dialogue. The other reason is that it is mainly the Hungarian Democratic Forum [MDF] that has to conclude the Csurka issue and it has to make clear which political direction they accept and which one they reject. I did not say anything because people who know my ideas do not suspect me of having either left-wing or right-wing extremist ideas. I maintain that such debates are out of touch with the needs and priorities of society.

[Cs.N.L.] The right-wing shift of the MDF might be favorable for you.

[Pozsgay] Rather than the Csurka-debate, we determined our political position when we distanced ourselves from all kinds of extremisms in May 1991 when we formed our group. Our position is also made perfectly clear by our statements on the crisis, how to handle it, and on the country's situation. We said it very plainly that the notion of a nation has a modern and pragmatic version that helps in joining up with Europe, and which, in its role of integrating values and its ability to accommodate, thinks of a nation in national rather than ethnic terms. At the same time, we would not like the country to become ungovernable in the period until the elections, therefore, we would like to join the political debate with a program that carries an image of the future and not as speculators in a crisis.

[Cs.N.L.] You speak often of the concept of nation, and for this reason many people think that you stand close to the coalition. A party that assigns its place in the center, however, must also represent liberal values.

[Pozsgay] In addition to accepting the role of Hungarians and being committed to the nation, the modern notion of the nation also includes the fact that we can think in terms of European political institutions based on human freedom, and whose expression is the institution of human rights and the acceptance of international guarantees. In the assertion of human rights, we accept this international guarantee system, and ensuring the institutional guarantees of the notion of freedom also belongs to this minimum standard of liberalism. The goal is that, rather than to depend on the changeable positions of persons and parties, individual freedoms should be guaranteed by constitutional obligations. The political institutions that are expressed in the parties and local governments have to be based on these constitutional obligations. As for the liberty of conscience and the freedom to assert individual interests and the respect for the freedoms of others, freedom can be the only limit to the self-organization of a civil society. Our view on the individual's freedom cannot conflict with a plan to build the community, so thus we have come back to the notion of the nation.

[Cs.N.L.] How far have you progressed in building your party? Have you established any international contacts?

[Pozsgay] We have approximately 2,500 members. We did not recruit members because we did not want to give the impression that we were calling them into a movement and then make ourselves out to be a party. After our organizational meeting, however, we will openly call people into our party and recruit members in a campaign. At the moment, we have only a few institutional connections. Some of us have extensive international links and we want to make use of these after forming our party. We have been encouraged to do so. We mainly want to form relationships with the centrist parties that are also susceptible to left-wing values.

[Cs.N.L.] According to your opponents, you have recruited few experts and have not been able to win over

any truly outstanding personalities, and this will determine the chances of your party.

[Pozsgay] All this is part of the political struggle. As for the issue of personalities, the European arena shows that movements are always determined by a few people. At the same time, we say that each of us is an equal partner. We have internationally recognized experts, constitutional jurists, and experts dealing with welfare policy and education. We know that our political opponents will not be gentle with us, but in the current period, they are trying to underestimate our chances and role. We will not make this mistake. At the same time, we will conduct our electoral campaign in strict accordance with the ethical code of elections. I am afraid that this will not be true of many parties in the near future.

Suchocka on EC, Politics, Economic Issues

92EP0657A Brussels LE SOIR in French 3 Sep 92 p 2

[Interview with Hanna Suchocka, prime minister of Poland, by Pol Mathil in Warsaw; place and date not given: "Point Blank"]

[Text]

On Poland and the World

[Mathil] After the Diet voted to name you prime minister of Poland, the members of parliament rose and gave you a standing ovation. You gave them a dazzling smile. Six weeks later, do you still have occasion to smile?

[Suchocka] I try, and I often succeed! But it is true that, sitting behind this desk, smiling is sometimes difficult. That being the case, I saw my nomination as a demanding mission right from the start. And euphoria is not, I must say, a natural state for me.

[Mathil] Especially as an impressive wave of strikes—the biggest since communism ended—has denied you the "honeymoon period" that is apparently normal for a new head of state and, "a fortiori," a woman. Does this mean that your government, which has barely been formed, is already in danger? Are the strikes purely economic, or are politics also involved?

[Suchocka] We are faced with a wave of strikes that is admittedly large, but that fluctuates, with highs and lows. Moreover, the strikes have pointed up the differences, and even the existence of competition among different labor unions.

[Mathil] So the wave of strikes does not pose any political danger?

[Suchocka] Strikes are always dangerous. Certainly these strikes are eminently economic in nature. Still, some political parties are "heating up" the situation and trying to transform the strikes into a political movement that will benefit them.

[Mathil] To bring down your government?

[Suchocka] Certainly, but not for that reason alone. The parties responsible know that there is only one alternative to the government's fall, and that is new legislative elections. That eventuality does not suit all my opponents.

[Mathil] So you are not concerned about what the press has defined as your dilemma: "resignation or crack-down"?

[Suchocka] It is a false dilemma. There is no question, naturally, of a crackdown. And resigning would solve nothing. The only credible option is to keep doing what we are doing, to carry out our program of reforms through "pacts" with the different groups in our society: companies, labor unions, and so on.

[Mathil] A sort of "social contract"?

[Suchocka] Yes, but it is important to be clear: We will not allow our hands to be tied. We are negotiating, but there are decisions that we must make alone.

The People's Patience Ran Out Long Ago

[Mathil] Would you compare your situation in dealing with today's strikes in Poland to that of Mrs. Thatcher who in earlier times refused to back down in England?

[Suchocka] The comparison is, excuse my choice of words, a bit oversimplified. The Polish situation is entirely different. Mrs. Thatcher could allow herself to be incomparably more intransigent than we can in Poland. She had a very stable parliamentary majority behind her. The English system does not have changing, uncertain coalitions where the bad mood of one coalition member can overturn the government.

[Mathil] Are you not, in fact, in a race against time to show positive results before the people's patience runs out?

[Suchocka] It ran out long ago. That being the case, the situation is so fragile that we cannot rule out the possibility of a sudden vote of no confidence. A demagogic political maneuver could result in the formation of a majority capable of bringing down the government.

[Mathil] The relations of President Walesa with your predecessors were not always good. How are your relations with the "castle"?

[Suchocka] They seem very good to me. Judging from his statements, the president agrees. I meet with him quite often.

[Mathil] That is good news for the West. The area occupied by Poland is essential to stability in Europe. The West is worried about it. Particularly as neither Lech Walesa nor Solidarnosc symbolize Poland's historic years any more. Their reserve of authority is crumbling, hastened by a few temporary problems that are souring your country's image. For instance, what do you think of the affair of the Communist police's "black files," which did not leave even the president unscathed and which cast a shadow over a large segment of the present political elite?

[Suchocka] The affair is real, but I would not say it is affecting the political elite. If it were, it would affect the political elite in all post-communist countries, for similar affairs have surfaced everywhere. It is not the political elite that was disavowed in the circumstance but rather a certain method of freeing oneself from the communist heritage. Some political groups used "decommunization" as a way to settle scores with their political rivals. Decommunization, necessary and justified as it is, must be carried out calmly and legally. To prevent compromising the very principle of decommunization, we are preparing a fair and healthy procedure.

[Mathil] The "black files" affair only involves a portion of the elite. In contrast, the "AIDS affair" cast the whole society in a terrible light. While AIDS is a serious challenge, an enormous problem for society and civilization in the West, we saw televised scenes from Poland that were straight out of the Middle Ages. We saw houses, for instance, where seropositive children lived that had been burned down by the population. Moreover, the Polish Church seems to consider AIDS merely a matter of sin....

[Suchocka] I am aware of the magnitude of the problem. I think that such an attitude toward AIDS in Poland has to be attributed not so much to intolerance as to ignorance and fear, with all those factors being linked, of course. People are afraid of being infected just through close contact with patients.

[Mathil] Is the government not responsible for the ignorance of its citizens?

[Suchocka] Not just the government, but also all the nongovernment institutions, the churches, etc. Consequently, at a time when Western governments were belatedly—becoming aware of the threat and beginning to educate society, we were preoccupied with totally different problems—above all, the fight against communism. At that time, AIDS was seen as a matter of sexual perversion, a punishment for sinners. In fact, the danger is much more serious in Poland to the extent that we have incomparably poorer medical resources, equipment, and health conditions than does the West.

[Mathil] So you do not think intolerance can be considered peculiar to Polish society?

[Suchocka] No. I repeat, it is a matter of ignorance and fear. It is serious; it brings to mind the ancient attitude toward leprosy. That being the case, nothing justifies the reactions you mention.

[Mathil] And abortion? A bill which even a large segment of Polish society considers especially repressive, without even referring to Western opinion, is in preparation. What does the government plan to do?

[Suchocka] The government, nothing. It is not up to the government, but to parliament. It is no secret that opinions within the government diverge. To avoid bringing it down over this obstacle, we have adopted a sort of "ideological neutrality" with respect to abortion. I have decided that until the Parliament comes to a decision abortion will not be put on the Cabinet agenda. When the bill has been passed and the question of acting on it has arisen, we in the executive branch will be responsible for doing so. Then we will see.

[Mathil] You took a serious risk when you included in your government Mr. Goryszewski, the deputy prime minister of economic affairs who formerly voted against ties with the EC, and the former prime minister, Mr. Bielecki, who negotiated the agreement with Brussels

and is now the minister responsible for Poland's association with the Community. Who changed his mind?

[Suchocki] I suppose Mr. Goryszewski did. Didn't he accept the position of deputy prime minister in a government that created the "EC" ministry which is in charge of successfully arranging the association? Mr. Goryszewski and his party could have protested against the creation of such a ministry. So far, the question has not sparked any conflict within the government. Besides, my pro-European leanings are well known. I was very comfortable when I was working with European organizations in Strasbourg.

I Will Go To Brussels Before Going To the Vatican

[Mathil] That is just it. Poland, which is a big country, has not taken a position on several key problems in Europe. Most recently, Mssrs. Walesa and Yeltsin did not even publish a joint communique after their summit in Moscow. Did they have nothing to say about Yugoslavia, for instance?

[Suchocka] My government has said what it needed to in agreement with the attitude adopted by international organizations.

[Mathil] In your opinion, could the Yugoslav tragedy have been averted? Could outside pressure have prevented the war? Was a Czechoslovak-style divorce possible in the Balkans?

[Suchocka] In my opinion, no. Such a divorce requires the agreement of all the interested parties. No such agreement existed in Yugoslavia where the situation is incomparably more complex. Besides, outside pressure could not have influenced either the course of events in Yugoslavia or Czechoslovakia's divorce. As a university professor and specialist in federalism, I think the divorce between Prague and Bratislava will be more painful than is now apparent. I fear the Slovaks are getting a bad deal.

[Mathil] And the Germans who are attacking foreigners in Rostock?

[Suchocka] What can one say? It is pure racism, the most poisonous aspect of the Communist and Nazi heritage. The most worrisome thing was the indifference, and even the support, the German population gave to the aggressors. And, of course, the negligence of local authorities and of the big European institutions which exist precisely to prevent such acts.

[Mathil] Perhaps the Maastricht treaty will increase their effectiveness. How does Poland see this Warsaw pact?

[Suchocka] I understand the importance of what is at stake, but what mainly interests us is establishing our association with the EC. We think the Maastricht treaty will help us establish closer ties with the EC.

[Mathil] To say that, will you come to Brussels, or will you follow the tradition of going first to the Vatican?

[Suchocka] Brussels will soon be the destination of one of my first trips abroad. But obviously I would be very willing to go to the Vatican.

[Mathil] You are the first woman to preside over a government in Poland. Have you chosen a model from among the distinguished women who have preceded you in that role abroad? It is said that you would like to be a second Margaret Thatcher.

[Suchocka] I would rather be the first Hanna Suchocka.

Coal, Steel Restructuring Drafts Approved

92EP0647A Warsaw RZECZPOSPOLITA (ECONOMY AND LAW supplement) in Polish 28 Aug 92 p 1

[Article by A.W.: "The Prime Minister Adopts a Restructuring Program: The Common Fate of Coal and Steel"]

[Text] The day after a part of the miners' union central offices approved a program for restructuring the branch, Minister of Industry Wacław Niewiarowski submitted a plan for change to Prime Minister Hanna Suchocka. The prime minister likewise ordered the ministry to submit an updated operating schedule of work on the restructuring of other branches.

The mining program provides for grouping mines into nine or even 10 joint bodies as a holding structure. The statutes will be written so as to provide for shifting over the structure of mines in time into a syndicate. The Ministry of Labor [MPPiSS] is preparing a protection program for mining employees who have lost their jobs. A program developed for the Walbrzych region is the prototype of this program.

Aleksandra Wiktorow, deputy minister of MPPiSS, who was present at the above-mentioned meeting, stated that work is underway to find concrete solutions, but these solutions cannot be based on the idea of early retirement alone. At present one may retire after 25 years of work, which is, at that, a relatively low average compared with the national average.

From the economic viewpoint, the program slated for mining is based on simulated calculations that assume, among other things, a given level for energy prices. However, when energy prices in Poland become completely free, 41 mines now marked to be closed down will have no real opportunity to overcome their deficit.

By 10 September, the ministry is supposed to submit to Prime Minister Suchocka updated programs for restructuring other branches. The prime minister has already approved the general assumptions for change in the fuels sector. These assumptions require final adjustments by the Ministry of Industry and Trade. As Minister Niewiarowski explained, all programs should be conducted in true parallelism to each another.

The draft program for restructuring the metallurgy industry is nearest completion. The program projects

closing seven mills and laying off of at least 60,000 persons. Work to modernize the chemicals sector and light industry is also in the advanced stages. While light industry is not a strategic sector, it is as important as the chemicals sector in terms of employment. The plan for change in the armaments industry is ready.

Minister Wiktorow stated that the actions taken by the Labor Ministry were based on analyses that tried to ascertain whether a branch of a given industry was in decline. If it is decided that a given branch is in decline, the ministry then embarks upon the development of a protection program. To date, however, programs for regions threatened by the highest unemployment index have been a priority.

During the press conference, Minister Niewiarowski likewise reported on making the decision to fire strikers at the Rozbark mine who occupied the building of the mine management and members of the illegal (as the minister alleged) strike committee. Minister Niewiarowski claimed that given that events at Rozbark violated even the principle of safety, a decisive position had to be taken. The firings will be made if the strikers do not break their strike by 0500. If the blockade of the mine management building continues, Minister Niewiarowski will not exclude the possibility of the intervention of other forces, for example, the army or the police. This depends, however, upon the outcome of the case when it goes before the prosecutor on Wednesday morning.

After Wednesday's talks on the recovery of the Polish mining industry, the NSZZ Solidarity National Mining Commission [KKG] issued a communique in which it stated that "the ultimate choice of a variant of an organizational model and the responsibility for its operation fall, by nature, to the government"... At the same time, the KKG holds the position that creating a single syndicate or holding company is a return to the not-too-distant past, i.e., central management.

This observation of the KKG, however, led to a draft program for the participation of workforce representatives (one-third) and capital, half of which "should be linked with mining," in the supervisory councils of the stock companies that would be created.

The KKG also asserts that Polish mining no longer has time for unnecessary procedural quarrels and that, for this reason, it also proclaims itself ready to take part in further work to restructure the branch.

Solidarity Leader on Government, Economy

PM2109093192 Opole TRYBUNA OPOLSKA in Polish 7 Sep 92 pp 1, 4

[Interview with Marian Krzaklewski, chairman of Solidarity National Commission, by correspondent Marek Burczyk; place and date not given]

[Text] [Burczyk] Mr. Chairman, does Solidarity's "separate" position in the social conflict currently dividing

our country mean that it has extended a "protective umbrella" over Premier Suchocka's government? We were told that there would be no more such "protective umbrellas...." After all, Solidarity came rather badly out of protecting successive previous governments, suffering along with them the public condemnation generated by unpopular or miscalculated cabinet decisions. This can be attested to by the marked decline in the union's popularity.

[Krzaklewski] Let us begin by stressing that we have never extended that "umbrella" over successive governments: Instead, to put it briefly, we extended it over Poland itself and over the reforms being introduced here. And that protective umbrella has never been folded and put away. The slogan about the umbrella allegedly spread by Solidarity over the government has been and continues to be broadcast by the media and also by those politicians—some of them even hailing from Solidarity's historic original echelons—who find it in their interests for our union to be associated with the state's power structures, because such a position muddles and obscures the question of responsibility for the results of the running of the state. As for our popularity with the public... I am not familiar with recent opinion poll results, but until not long ago Solidarity was maintaining its top position in popularity ratings.

[Buczyk] What, in practical terms, is your personal union philosophy? How do you perceive the current situation in Poland?

[Krzaklewski] It is certain that our view of Poland—today's and tomorrow's Poland—is different from those adopted by certain postcommunist central organizations, which are partly responsible for inciting the present wave of protests.

[Buczyk] Does this mean that, in your opinion, the current strike processes taking place are manipulated rather than genuinely spontaneous?

[Krzaklewski] Real wage levels have fallen very considerably for most employees. Many enterprises pay less than subsistence wages, or virtually starvation wages. In this sense, the background to the current wave of strikes is genuine and every union must take it into account. On the other hand, there is also the political context, and this is made up of the activity of the postcommunist and other political forces that are striving to bring about an early election. This, of course would hardly be something to criticize if not for the fact that the country's situation is difficult in the extreme. Consequently, we are justified in objecting to plans that place particular political success before Poland's reasons of state and political as well as social and economic stability.

[Buczyk] You are talking about rejecting postcommunists; how do you square it with the fact that Solidarity-80 is a member of the National Inter-Union Strike Negotiations Committee [MKKN-S]?

[Krzaklewski] That union is indeed undergoing a strange and unsettling evolution. For instance, organizers of the Solidarity-80 congress invited representatives of France's central communist union organization, which does not belong to the free trade union family. Such connections are contrary to both the name and the pedigree of Solidarity-80. I am concerned about this, just as I am concerned about the situation in which political parties set up their own trade unions, dependent on and answerable to them, and pursuing their particular policies. Such trade unions can never be healthy and sound. Here I must point out that Solidarity is not affiliated to any political party, unlike the National Trade Union Accord [OPZZ], whose entire top echelons—and lower ones, too—are firmly lodged in the ex-communist party and its parliamentary caucus. Such a connection is an unequivocal indication that the OPZZ simply executes all the moves designed by the party itself.

[Buczyk] How do you feel about your position now that the government—which was, after all, formed largely as the result of the Solidarity parliamentarians' mediation efforts—shows no signs of rejecting the allegations that its aim is to follow a "Thatcherite" philosophy? It is obvious that, regardless of all evaluations of its political and economic effectiveness, Thatcherism is not remotely a pro-union doctrine....

[Krzaklewski] The "Thatcherite" analogy is largely forced. The situation in Britain at the end of the 1980's and the beginning of the 1990's was different from our circumstances today. To begin with, we lack the political infrastructure and the social basis for solutions of a similar kind. For the moment, we are not really threatened with a blossoming of the Thatcherite doctrine.... From a trade union's viewpoint, a situation in which its partner is a strong government commanding a reasonably stable parliamentary majority is most advantageous, because such a partner is definitely more credible than a government that is weak because it commands only a minority of votes in Parliament. Let us just imagine that the union negotiates an agreement for its employees with such a minority government, and then Parliament refuses to approve even a single clause in that agreement. I believe that this is why our parliamentarians have undertaken the mediation challenge, though they did it without consulting with the National Commission. As far as I am concerned, I would like to get a good and thorough look at the present government's program. We are waiting for a change in the system that would be committed to an antirecessionary policy without being either purely cosmetic or hypocritical. Unless we are reassured, by mid-September, that this kind of change is taking place, we will not hesitate to call our union to general strike action.

[Buczyk] What is the evidence that could reassure you?

[Krzaklewski] To give you an example, an unequivocal abolition of the "popiwiek" tax [on above-normative enterprise wages], a guaranteed minimum pay, and a genuine cancellation of enterprise debts....

[Burczyk] The current protest means that a considerable proportion of the public is either questioning the direction the reforms have taken so far, or protesting against the scale of the associated costs. In this connection, are you not afraid that Solidarity's "state-creating" stance and its reticence in setting out its demands will be seen by working people as proof that the union is acting in collusion with the government? And from this there is only one step to assuming that it lends itself to being manipulated. Zdzislaw Tuszynski, chairman of the Federation of Metallurgical Industry Employees' Trade Unions, claims that in the Tychy conflict Solidarity recommended that the management lay off several hundred employees.... Another union leader, Zygmunt Wrzodak, chairman of the strike committee at the Ursus tractor plant, insists that "the strike would not have been called if we had had a different National Commission. The present chairman undermines the union's cohesion."

[Krzaklewski] The ability to voice high compensatory pay demands is not in itself proof of a trade union's effectiveness in action. On the other hand, the ability to secure realistic compensatory wage deals is a demonstration of genuine strength, as opposed to employers' unrealistic posturing as "strong men." In Poland, the position of employers as a group is weak, both materially and structurally. For a trade union to assume the pose of making unrealistic demands is to cheat and deceive its own people, who are already confused and exploited. As regards the claims you have just quoted, Mr. Tuszynski used them to attack Solidarity because this was in keeping with the doctrine of the party within which the OPZZ is active. On the other hand, Mr. Wrzodak himself assured me recently that his alleged attack on me was the result of a distorted press report and the manipulative activities of politicians who are prowling around the strike action at Ursus. And, to come back to more general concerns, unless the conditions about which we spoke are remedied, our union is very firmly committed to call for action that would be far more determined and—also important—far more effective than all the protests organized by the central union organizations gathered within the MKKN-S.

[Burczyk] Nevertheless, the example of the "Network" and the Mazowsze Regional Solidarity structures has shown that you have many hot-headed, impulsive elements within your own ranks too, who would not hesitate to play the role of the hung weibing (China's Red Guard) in your conflict....

[Krzaklewski] This is to be expected in every democratic movement.... In any case, all those who had hoped for a split within Solidarity have suffered a disappointment.

[Burczyk] What is your opinion of the universal privatization program, which is so vigorously promoted by the government? The Mazowsze Regional structure views it very critically: "The idea is to enable a small group of people to seize control over the state's assets."

[Krzaklewski] We are preparing to take an official stand in this matter. I cannot imagine a universal privatization act that did not clearly and unequivocally confirm the enfranchisement of all employees and all citizens. Otherwise it would contravene the entire concept of the social contract.

[Burczyk] Can the government afford to wait out the current wave of social discontent?

[Krzaklewski] No, it cannot! In any case, we are not prepared to wait it out. We are exerting constant pressure on the government, through negotiations and protest actions devised to protect the interests of the working people. There have been some tangible results of this campaign of ours already, in the area of protecting the most vulnerable members of society: the increase of the minimum wage; the restoration of social welfare benefits for women raising children as single parents; the adjustment of the parameters which index-link the level of the "popiwiek" tax according to rising living cost levels... These are not just empty noises and meaningless gestures. They are real, tangible results.

[Burczyk] All the same, Mr. Andrzej Micewski regrets that you have not joined the MKKN-S, and have thereby deprived yourself of the chance to influence that entire body.

[Krzaklewski] Let me reiterate: It was impossible, because several central union organizations within the committee have as their aim political rather than union interests. For them, my participation in the work of the committee would represent a political triumph which could be exploited in many ways, even in attempts to compromise Solidarity by alleging that it has reneged on all its principles. I do not believe that it is necessary to sell out on our Solidarity identity in order to participate willingly in a humbug organization that, to make matters worse, is not even particularly effective.

General Gotowala on Air Force's Future

*92EP0653A Warsaw POLSKA ZBROJNA in Polish
3 Sep 92 pp 1-2*

[Commentary by General Jerzy Gotowala, commander of the Polish Air and Air Defense Forces: "With New Hopes"]

[Excerpt] The swift political, social, military, and economic changes that have taken place in Europe and worldwide, as well as the new conditions created by them, constitute a challenge to the Polish army, including the Air Force. Whoever notices those changes first, analyzes them, and comes up with conclusions has the best chance of finding modern solutions and assessing prospects for particular branches of the armed forces.

The conclusions we reached in the course of our analyses constitute the basis of Poland's national, unified air-defense system, which has been in construction for some

20 months. In these new circumstances we established contacts with Western air forces, about which heretofore we knew little in practical terms. We studied closely their structures and functions. We adopted, with a grain of salt, all solutions that might be useful to our Air and Air Defense Forces. Our contacts and our own thinking have resulted in improvements to our operations.

For the first time, Poland's national air defense system is unified. For the first time, it consists of all necessary elements: radio and radar reconnaissance, electronic jamming systems, fighter planes, ground support aircraft, and fixed and mobile anti-aircraft missile units. The Polish air defense system guarantees that attacking enemy aircraft approaching Polish borders will be destroyed. In this way, the system secures the inviolability of those borders and control of Poland's air space. The fact that it is a mobile system guarantees that the firepower of the fighter force and of anti-aircraft missiles will be concentrated in different zones of the air operations taking part in combat.

Striving to expand international cooperation, we have initiated a few programs to display our accomplishments, such as last year's Air Show-91 in Poznan. For the same reason, we organized in Deblin a convention of air academies (called Instructor 92), an international exchange of air rescue crews, an international air exercise over the Baltic Sea, and training exchanges of air-defense experts. The knowledge we acquired during these contacts has already been applied to training this year. As a result, we have come up with a composite picture of the desirable combat equipment that our Air Force should have in the future. The analyses we conducted and the new directions of development that we adopted for our Air Force should be followed soon by tests of our equipment's technical and combat capabilities and its maintenance needs. This process has begun as well.

What is the condition of Poland's Air Force today?

The general rule of thumb is that, even in the case of superpower air forces, only 20-30 percent of the planes are of the most modern type, with 40-50 percent of their planes having been in use for 8-12 years, while the remaining 15-20 percent are obsolete and would be unable to meet the demands of modern combat.

The Polish Air Force does not lag very far behind this world pattern. The Su-22 M4 fighter-bombers match world standards and would be capable of fulfilling all tasks assigned to them on a modern battlefield. Their technical and tactical capabilities renders them equivalent to such planes as the Tornado or the Jaguar, and superior to many others.

A portion of Poland's fighter planes, namely MiG-23's and MiG-29's, can be considered modern. On the other hand, the MiG-21 fighters are a pathetic lot. This light, maneuverable fighter—which in the past was superior to such planes as the F-104 Starfighter, the F-106 Delta Dagger, the F-4 Phantom, or the Mirage F-1—today is

inferior to the new generation fighters—the F-15, the F-16, the F-18, the Mirage-2000, and the Su-27—especially with regard to electronic equipment, the on-board radar's range and capabilities, the weapon systems' range, and maneuverability.

Therefore, it is no coincidence that we in the Polish Air Force pay a lot of attention to mastering the qualifications of targeting specialists, especially in team combat. We have worked out a technique of conducting team air combat and we practice it daily during training.

To put it simply, we would force any eventual enemy to fight on our terms, by sending many groups of planes against him, thus distracting his attention and efforts. Given the type of equipment we have, our Air Force has to be well prepared to use dispersion tactics in order to distract an enemy equipped with better planes, make him waste his firepower, and attack him effectively even with only a part of our forces.

Surely, we must have respect for the following basic principle of combat: Any weapon, including modern combat aircraft, is worth only as much as the knowledge and skill of the people who operate it. Therefore, we must strive to keep up the level of combat readiness accomplished so far, and to improve the tactical resourcefulness, the flying technique, and the maintenance skills of team commanders, pilots, navigators and ground personnel. Furthermore, we are thoroughly preparing the Air Force for weapon systems and support equipment changes.

To be sure, we cannot hope for large-scale replacement of equipment in a short time. Instead, we intend to modernize the Air Force gradually, in stages, the country's economic situation and the MON's [Ministry of National Defense] budget permitting.

So far, the Air Force has been able to conduct regular training and fulfill all assigned tasks. We have made more than 70 percent of planned flights and spent 65 percent of the ordnance. Thirty-three new pilots have learned how to take off and land their armed planes from and on public roads, while 27 pilots have improved that skill. The whole fighter force has been prepared to conduct maneuverable team air combat. Forty-eight pilots have been reclassified into a higher category.

Flight safety has been good so far. To be sure, there are some problems. In times of tight budgets, each hour of flight, each ton of fuel, and each hour of flight control systems use becomes more expensive. It is still difficult to overcome some old habits, waste, nonchalant attitudes, and disrespect for the demands of modern times. We lost two combat MiG-21's. One transport plane has been damaged.

We work closely with our domestic aircraft industry. In our opinion, that industry should supply the Air Force with basic training equipment. We are in the process of receiving the first batch of PZL-130 Orlik training

planes. In addition, we are testing the first two prototypes of the I-22 Iryda twin-engine jet trainer. Work on the design of the Polish PZL-230 Scorpion ground support aircraft is advanced.

We want to expand our cooperation with the Swidnik aircraft factory in order to build modern transport and attack helicopters. However, a broad cooperation with well-known Western aircraft companies will probably be necessary, since they produce the most advanced electronics and weapons systems.

We are very sorry that many Polish aircraft factories face an uncertain future. Just as the employees of those plants, we regret that we cannot bolster them by placing larger orders there. [passage omitted]

Expansion of Facilities Along Western Border

92EP0647C Warsaw RYNKI ZAGRANICZNE
in Polish No 102, 25 Aug 92 p 8

[Article by G.K.: "Along the Western Border: A Total of 45 Crossings To Be Constructed"]

[Text] Word of the official visit to Poland of German Foreign Affairs Minister Klaus Kinkel has not yet gotten around, but the implementation of the agreements signed during this visit has already begun.

Several days ago, construction began on a superhighway bridge crossing the Nysa Luzycka between the towns of Ludwigsdorf and Jedrzychowice near Gorlitz-Zgorzelec. The bridge is a joint investment. It will cost approximately 24 million German marks [DM], of which Poland's share will be DM3.4 million (one-sixth of the length of the bridge lies on Polish soil). The Germans are financing all the surveying, the planning-documentation work, the bidding, and the work orders. They will also build border customs facilities on their side.

The firm Bauunion from Dresden won the bidding to construct the bridge. The firm will cooperate with Polish enterprises, using our materials and engineering superintendence. The Polish side will build a modern highway loop at a distance of 1.8 km from the bridge to take traffic toward Boleslawiec (in the future a superhighway will be built there), Legnica and Wroclaw, Zagan and Zielona Gora, Luban and Jelenia Gora, and Zawidow and the Polish-Czech border.

The bridge should be ready at the end of 1993. By then a new roadway will also open to relieve Zgorzelec and Gorlitz from the congestion created there by traffic passing through its narrow border crossing. This will be vitally important for streamlining highway connections between the southern regions of both countries and for transit between Western Europe and Ukraine.

The agreement on constructing the bridge near Zgorzelec is being treated as a model for future joint investments at border crossings between Poland and the FRG. The order and deadlines for implementing these ventures

were the subject of talks between the deputy ministers of transport of Poland and the FRG, Witold Chodakiewicz and Wolfgang Grobel.

The construction of a bridge on another highway at the Swieck-Frankfurt crossing over the Odra is another joint investment, slated for completion at the end of 1995. At the same time, the Polish side will modernize the highway system in the Swieck region and will build a loop and access to a future preliminary truck clearance terminal. This program is already being implemented. As Chancellor Helmut Kohl announced, the sum of DM40 million has been placed at Poland's disposal to finance this work, as well as Poland's share in the cost of building the second bridge between Swieck and Frankfurt. A highway crossing in Kostrzyn will be opened this year. Work to repair the bridge over the Odra is in progress for this crossing. The opening of crossings of a local nature such as, for example, Osinow Dolny, will be of great importance. One of the less urgently needed projects—though it is just as important—is the planned highway bridge over the Nysa Luzycka in Gubinek and the opening there of a border crossing.

On the other hand, the building of the branch of superhighway A4 from the region of Boleslawiec to Zgorzelec will depend upon the acquisition of the indispensable financing, including foreign credit. The implementation of the entire endeavor will take place at the earliest in the mid-1990's. Likewise, the Germans will take their superhighway from Dresden and Budziszyn to the border in the region of Gorlitz not earlier than in 1995.

As we have been informed by the Ministry of Transportation and Maritime Economy, ultimately there are to be 45 crossings at the Polish-German border.

Overview of Compliance With EC on Trade

92EP0647B Warsaw RZECZPOSPOLITA (ECONOMY AND LAW supplement) in Polish 28 Aug 92 p II

[Article by Katarzyna Jedrzejewska: "Half a Year of Liberalization in Trade With the EEC: The Quotas Are Already Exhausted"]

[Text] Less than six months have passed since Poland's trade agreement with the EEC came into effect, and some points of the agreement have already been fully implemented. These points apply to nontariff quotas that will be fully exhausted for some articles by the end of the year. The Polish side has attempted to have the quotas and ceilings raised, but these have been unsuccessful. Thus, for example, Poland's exports of caustic soda, superphosphates and parts made from glass (ceiling lamps, lamp shades and globes and diffusers) will not longer take advantage of preferences this year.

The tariff (previously at zero) has been reinstated since 1 August for mineral and chemical fertilizers that appear under the entries: 31024010, 31024090, 31028000,

3105... The restored tariff, however, is 15 percent lower. This is the result of the gradual reduction of tariffs for specific goods.

The implementation of the provisions of the agreement is not always progressing as both sides would like. For the first month and a half, our exporters had certain difficulties. Despite the elimination or lowering of tariffs on export to the EEC, they had to make a deposit amounting to the appropriate usual tariff. Then this security deposit was returned to them. However, the EEC countries themselves admit that they were not completely prepared for the liberalization of trade with Poland.

The technical obstacles have already been eliminated and other problems—of a substantive nature—are appearing in their place. Recently, the EEC reacted sharply to Poland's restoration of phytosanitary licenses in the import of vegetables and some fruits. The Poles admit that the EEC should have been informed about this. Similarly, Poland should have informed the EEC about the plan to usher in compensatory payments for certain farm products. Poland wants to make use of these payments as a means of extra-tariff defense. Article 24 of the agreements provides for the possibility of such a defense if an importing country is afraid that destabilization caused by import based on dishonest principles is occurring on its domestic market.

The other side also wants to make use of article 24. The EEC countries are not pleased with what they see as the growing import from Poland of artificial fertilizers, cement and wooden pallets. They do not rule out the possibility that they may introduce protective measures in the future to protect their domestic markets. Let us add that the clause on extra-tariff protection allows for the immediate application of such measures.

The above-mentioned examples are individual and incidental. According to information from the Office for European Treaty Affairs at the Ministry for Economic Cooperation with Foreign Countries [MWGzZ], the major provisions of the agreement are being implemented according to the operating schedule.

Import From the EEC to Poland

—On the day the agreement took effect, Poland was to lift its tariff on raw materials, semi-finished products and investment machinery and equipment constituting 27 percent of our import from the EEC. This has been implemented.

Further liberalization in this area is slated to begin on 1 January 1995.

—On the date the agreement took effect, Poland was to reduce by 10 percent the tariff for goods that constitute approximately 18 percent of our agricultural-food import. This has been implemented. Changes in the

area of processed agricultural products listed in a rider to the agreement will be implemented over the course of three years.

Import From Poland to the EEC

—For a group of products constituting approximately 55 percent of our export to the EEC, tariffs were to be lifted as soon as the agreement took effect. This has been implemented.

—For goods constituting approximately 23 percent of our export to the EEC (including products made of glass and porcelain, automobiles, chemical products, and shoes), tariffs are to be lifted according to the calendar: The tariff is to be set four times at 15 percent of the initial rate and in the fifth year it is to be lifted completely. The liberalization process has begun in accordance with the operating schedule.

—As soon as the agreement took effect, quantitative ceilings were to be created for which the tariff rate will be zero. This was implemented and certain ceilings for this year already have been exhausted. The ceilings will grow by 20 percent per year each according to a tied-in, cumulative formula (i.e., they will be calculated as a combined percentage).

—As soon as the agreement took effect, tariffs for five nonferrous metals were to be reduced by 50 percent and, beginning in 1993, they are to be eliminated completely. The liberalization process has begun according to the operating schedule.

—For a group constituting 0.4 percent of our export to the EEC (25 products, primarily mineral and chemical raw materials), five tariff reductions of 20 percent have been projected each year. The liberalization process has begun according to the operating schedule.

—For textiles (approximately 15 percent of our export to the EEC), as soon as the agreement took effect, tariffs were to be reduced to 71 percent of the initial amount. This has been implemented. Further liberalization is slated for 1 January 1994, when the tariff will be reduced to 57 percent of the initial amount. The process of lifting the tariffs will end on 1 January 1998.

Quantitative quotas have been in place for our export of textiles to the EEC in 1992. We will be negotiating a new textile agreement with the EEC this year yet. This agreement will define the date and manner for lifting quotas.

—As soon as the agreement took effect, quantitative quotes in the import of steel products were to be lifted. This has been implemented. As soon as the agreement took effect, the tariff on steel products was to be reduced to 80 percent of the initial amount. This has been implemented. The process of lifting the tariffs will conclude in 1997.

—As soon as the agreement took effect, the liberalization of import from Poland of six groups of farm articles was to begin. For some, a reduction of compensatory payments was projected within the framework of the quotas which are growing year by year and for others a reduction in the tariff and the lifting of ceilings were projected. This has been implemented.

As everyone knows, the issue of tariff-exempt quotas for automobiles imported by Poland from the EEC has not yet been resolved.

Preliminary Housing Proposals Outlined

*92EP0647D Warsaw RZECZPOSPOLITA
(ECONOMY AND LAW supplement) in Polish
22-23 Aug 92 p II*

[Article by Ewa Zychowicz: "Hanna Kulesza's Proposals: A Prescription for Housing"]

[Text] The Institute of the Housing Economy [IGM] has been ordered by Andrzej Bratkowski, minister of land use management and construction, to prepare new housing policy assumptions that will then be submitted to public opinion in mid-September. According to Docent Hanna Kulesza, adviser to the minister and IGM research worker, one of the most crucial issues for resolving the housing problem is to define the proper proportions between the role of the market and state interventionism.

The market elements in the housing economy are justified because the housing economy must yield to the system of transformation occurring throughout the economy. The external environment affecting this sphere of economic activity has already been turned over to market operation. This includes the commercialization of banks that offer credit for housing construction and the introduction of the principle of the full profitability of the operation of municipal enterprises that render services on behalf of the housing economy (water supply systems, trash removal and the removal of impurities.)

In turn, heating and natural gas enterprises and the power industry are aiming for this profitability. The entire sphere of construction activity has been shifted over to cost-effectiveness accounting (in the form of bidding) and the production of construction materials is subject to strong domestic and foreign competition.

Gradually, state subsidies on plants and equipment are being cut back, there is a battle against waste, and more careful attention to thrifty operation is returning.

The new economic conditions are creating an opportunity to depart from the allocations system in favor of free choice, in accordance with individual aspirations and preferences. The setting of housing prices at a realistic level, in conjunction with the financial possibilities of

individual families, is having a market-like impact on the structure of consumption. This means that the level of consumption and prices are to be determined by consumer attitudes, thus establishing a real place for housing in private incomes.

Next, state interventionism is still necessary in Poland for transforming potential demand for housing into real demand, and for curbing the progressive recession in construction caused by the decline in the demand for housing. Potential demand cannot be implemented in the housing market because, for the majority of families, the market price of housing makes it an unavailable commodity. A sign of the decline in demand is the sudden reduction in the number of building starts. In the first half of 1992, the number of housing units still under construction is 40 percent lower than for the same period last year.

The current principles of state interventionism are ineffective. The redemption of capitalized interest that is draining the budget of 7.5 billion zlotys is of practical aid to banks to make it possible for them to obtain their own commercial interest rate. The capitalization of interest means that after several years, the value of housing exceeds its market value and becomes nontransferable both for the debtor and for the creditor.

Direct state aid bypasses the families who are hit hardest by the subjection of housing to market operations that encumbers them with a stiff obligation to repay the credit once received. Housing supplements are granted to reduce outlays for fuel and energy and not for the repayment of credit.

Consequently, Docent Kulesza proposes the following for the future:

—Departing from official rents and making rents realistic through the use of greater freedom in this area for self-government officials. Renters on fixed low incomes who occupy modest standard housing must be protected legally.

—In many cities there are enough housing units that would become public-type housing units were an exchange between renters to be stimulated. Where an insufficiency of such housing exists, gminas should begin to build using their own funds, possibly aided by central government subsidies.

—A plan for the operation of organizations building not-for-profit housing should be developed. In this area, suitable legal regulation is needed. The building of this type of housing would be designated for rental at a designated rate ranging from 3-5 percent of the recovery value. The rest of the costs would have to be covered by the appropriate budget subsidies or by a specially created housing fund.

- A system should be created for gaining ownership of housing through targeted saving and credit contracts.
- Income-tax rate cuts should increase the incentive for saving for new housing or for exchanging one's residence for a better one. For this reason, such cuts must take into consideration the repayment of the credit obtained for this purpose.
- Public aid for housing should be radically transformed, and energy benefits on housing subsidies should be granted. These allowances must have the nature of a legally guaranteed authorization, regardless of the current financial situation of a specific social aid center. A special system of housing subsidies to help with credit repayments should be created, whose principles would be changed after one moved into one's residence.

UNPROFOR Protection Decried as Inadequate

92BA1415A Zagreb NOVI VJESNIK
in Serbo-Croatian 7 Sep 92 p 2

[Article by Zeljko Kruselj: "The First and Also the Last"]

[Text] "Mr. Thornberry, if things continue this way, soon we will no longer have a need for your 'protection' of the Croatian people, property, and settlements," is the message sent the other day in a dramatic tone to the UNPROFOR [UN Protective Force] chief official for civil affairs by Sime Prtenjaca, prime minister in Zadar. A letter similar to this one from Zadar, characterizing the overall state of affairs in Sector South, might with equal arguments also be sent from the other UNPA [UN protected areas] and "pink" zones. In no settlement that is under the direct control of Serbian units has a single Croat driven out returned to his home, although that is precisely the foundation of the Vance Plan.

What is more, it is very much a question if anything at all has been done in disarming the Serbian paramilitary units, although the "blue helmets" have officially proclaimed it completed. That is, the provocations, even with artillery weapons, are an everyday phenomenon. Croatian houses and churches are continuing to be torched and demolished with the same intensity, and those few non-Serbs left are continuing to go hungry. But what the Serbs are doing with the Peruca dam, the fact that every day they are depriving nearly all of Dalmatia of electric power for some 10 hours, and blocking main transportation routes, goes essentially beyond the level of "transgressions" and is turning into systematic undermining of Croatia's economic base. And all of this, as Prtenjaca says in a state of exasperation, in front of the "sleeping blue helmets," who without any particular pang of conscience are collecting their UN per diems and in addition a few "greenbacks" by smuggling goods to the Serbs, whose poverty is the greatest benefit of krajina "independence."

The extensive talks on Saturday between Croatian President Tudjman and Marrack Goulding, assistant secretary general of the United Nations for peacekeeping operations, and General Satish Nambiar were an occasion for yet another recapitulation of the lengthy list of inconsistencies and powerlessness of the "blue helmets." The Croatian side, say the reports, "vigorously warned" that its patience was exhausted. Either the Vance Plan will be carried out (and that presupposes urgent withdrawal of the Yugoarmy from a portion of Dubrovnik Opstina), or this kind of "good offices" loses all meaning for Croatia. If one is to judge by Goulding's vague statement, Croatia has again been denied any firm guarantee. "Observations" will only be passed on to Butrus Butrus-Ghali, who is to report on this to the Security Council.

Once again, it seems, this conversation confirms Tudjman's earlier words to the effect that the first one-year mandate of the "blue helmets" on Croatian territory would also be—the last.

Tudjman on Talks With UN Representative Goulding

92BA1414E Split SLOBODNA DALMACIJA
in Serbo-Croatian 6 Sep 92 p 3

[Article by HINA: "Patience Is Running Out"]

[Text] Zagreb—Following a conversation lasting almost three hours between the Croatian delegation headed by Dr. Franjo Tudjman, president of the republic, and Marrack Goulding, assistant secretary general of the United Nations responsible for peacekeeping operations, who was accompanied by General Satish Nambiar, commander in chief of the UNPROFOR [UN Protective Force], Cedric Thornberry, director for civil affairs, and Brigadier General Maurice Baril, UN military adviser, Dr. Tudjman made public statements on Saturday at the villa "Zagorje." President Tudjman recalled that he had talked with Marrack Goulding before his visit to zones under UN protection and that on Saturday Goulding had reported on the results of the talks that he had conducted during his tour. But, Dr. Tudjman continued, we have today given an urgency to matters that can no longer be put off: the opening of transportation routes around Okucani, the Maslenica bridge, the problem of the Peruca hydropower plant, which is jeopardizing the operation of three other power plants, which has created a great problem of electric power supply to the population of all Dalmatia. Our public is awaiting a solution to these problems, he said, adding that Mr. Goulding has expressed understanding for all those problems, and had at the same time declared that he would do everything for his part to arrive at an acceptable solution in order to avoid conflict and resumption of armed conflicts.

President Tudjman said that he had proposed that the Security Council and UN secretary general adopt new resolutions and make new decisions that would make it possible to resolve all these problems. He went on to say that he had also talked about withdrawal of the "JA" [Yugoslav Army] south of Dubrovnik, which under the Vance Plan should have left that territory, adding that Mr. Panic is making that withdrawal conditional upon some of the "JA" remaining in the sector of Prevlaka, with which the Croatian authorities cannot agree.

In answer to the question of whether he had obtained any specific promises in connection with these problems, President Tudjman answered in the affirmative, emphasizing that Goulding had declared that the UNPROFOR is seriously examining ways of opening up the limited-access highway between Zagreb and Slavonski Brod as well as concerning all other essential problems. He went on to emphasize that the talks were attended at his invitation by Milan Djukic, president of the Serbian National Party and a delegate in the Croatian Assembly, who informed Marrack Goulding and Gen. Nambiar of what he knew about the need to normalize life in these crisis areas and also about how a majority of the Serbian

population, according to knowledge which he has, wants normalization of relations with the Croatian authorities as soon as possible.

In addition to President Tudjman, other participants in the talks included Dr. Jure Radic, director of the Office of the President; Dr. Mate Granic and Ivan Milas, deputy prime ministers; Ministers Gojko Susak and Ivica Mudrinic; Branko Salaj, Croatian ambassador in Paris; Corps Gen. Antun Tus, chief of the General Staff of the Croatian Army; Milan Djukic, president of the SNS [Serbian National Party] and a deputy in the Croatian Assembly; and Dr. Zeljko Matic, the president's foreign policy adviser.

Respect of Inviolability of Borders Discussed

*92BA1415B Zagreb NOVI DANAS in Serbo-Croatian
7 Sep 92 p 2*

[Article by Aleksandar Milosevic: "The Limits of Borders"]

[Text] Even the most severe critics of the Croatian Government and its policy cannot deny its consistency and adherence to principle when it comes to borders within the former Yugoslavia. When it still was not possible to divine what the relationship would be among the republics in the former Yugoslavia, Croatia repeatedly emphasized that it considered the borders—those AVNOJ [Antifascist Council of the National Liberation of Yugoslavia] borders—inviolable. There were certainly reasons for dissatisfaction with those borders even on the Croatian side, but it was well-known that raising border issues would inevitably lead to war in the end. Others in

Yugoslavia obviously did not think that way, and what happened in Croatia did occur, along with what is still happening in Bosnia-Herzegovina. The fact is that from the very moment when the echoes of the crisis in the former Yugoslavia began to reach the public, Serbia and Montenegro emphasized their demands for a revision of borders. From the outset, Slovenia gave support to Croatia concerning borders and their unchangeability. In recent weeks, however, demands for changing the AVNOJ borders have been heard ever more loudly even in Slovenia. Obviously, certain political forces in Slovenia feel that the time has come to create if not a great, then at least a medium-sized Slovenia. They are obviously forgetting the fact, just as it is being ignored in Belgrade and Podgorica, that Slovenia, Croatia, and Bosnia-Herzegovina are internationally recognized by the European Community, by the Conference on Security and Cooperation in Europe, and by the United Nations, precisely in those allegedly debatable AVNOJ borders. And the international community has several times made emphatic statements—the last time at the conference in London—that there would be no border changes by force, that is, that that would not be accepted. It is obvious that after the disintegration of the former Yugoslavia, only Croatia has consistently stuck to the proclaimed position concerning the inviolability and unchangeability of borders, even though it itself had reasons to object to them. In the future, international contacts will give Croatia an additional argument with which it will be able to participate effectively in seeking political solutions on the ruins of the former Yugoslavia. Political factors in Croatia, and especially its diplomatic corps, should derive solid political capital from their example.

Serbs Tortured in Tuzla-Zvornik Camps, Prisons
92BA1405C Belgrade POLITIKA in Serbo-Croatian
27 Aug 92 p 5

[Unattributed article: "Report From Bishop Vasilije to Holy Synod of Serbian Orthodox Church: Horrible Torture of Serbs"]

[Text] *The bishop cites personal eyewitness accounts of unprecedented atrocities against Serbs in camps and prisons in the territory of Zvornik-Tuzla eparchy.*

TANJUG—In the territory of the Zvornik-Tuzla eparchy, there are prisons where Serbs are being horribly tortured, according to the bishop of Zvornik and Tuzla-Vasilije, in a report to the Holy Synod of the Serbian Orthodox Church.

As TANJUG learned yesterday from the Patriarchate, the bishop writes in this report that "there is a large group of our people in Zivinice, in barracks at the municipal stadium, who are being subjected to unheard-of mistreatment, beatings, and rape."

The bishop cites personal eyewitness accounts of "unprecedented atrocities by Dr. Marko Nikolic, whom our people thought to be a Serb before the war."

Writing then about the situation in the camps at Stupari, Banovici, Kladanj, and Tuzla, the bishop emphasizes that the majority of these camps are isolated from the center of town, in the mountains where they are inaccessible to the public.

"On the former premises of the 'Kozlovac' SUP [expansion unknown] in Tuzla, violence is being committed that extends all the way to rape and murder," the bishop says, mentioning the name of Dr. Ruzica Tunjic who he says is the "main expert for preparing the enemy armed forces to have free rein with their desires for Serb women and girls."

"They take Serb men to the front lines of the battlefield dressed in TO [Territorial Defense] uniforms, where they perish en masse. This was the case on the 15th of this month when many Serbian enemies died in horrible skirmishes near Pozarnica, but the Ustashis and fundamentalists collected their own and left behind the bodies of 16 Serbs," Bishop Vasilije says, noting that life in the city of Tuzla is very difficult because Serbs are under continual surveillance and subject to pressure.

Explosion, Fire Disrupt Peace in Pljevlja
92BA1420C Podgorica POBJEDA in Serbo-Croatian
1 Sep 92 p 7

[Article by Milutin Labovic: "The Bosnian Syndrome"]

[Text] Pljevlja, 29 Aug—Just when people thought that peace had completely returned to the streets of Pljevlja, an explosion, which caused a fire in the center of Pljevlja, demonstrated that it will take time to make real

peace here. At this point, members of the MUP [Ministry of Internal Affairs] of Montenegro, the FRY [Federal Republic of Yugoslavia], and the Army are holding the reins firmly in their hands. But peace requires something else, above all, mutual trust of all those who live in these parts and who until just recently lived together, helped one another, visited one another, and were friends. It is another matter whether this was really the real thing. It does seem that the echo from other regions of the former Yugoslavia was carried more quickly to these parts than was anticipated. It is also in that context that we should look at everything that has been happening in Pljevlja and environs in recent days.

It might be said that we in Montenegro were caught a bit by surprise, that is, we did not expect that Bosnia would "resettle" so quickly to the houses of Pljevlja. When the fire broke out, and then it was not in full blaze, the Montenegrin authorities did take vigorous steps, but this was not enough to completely extinguish it. Those who ignited it are continuing to fan the flames. These recent explosions and fires are evidence of that. The Muslims are blaming this on the Montenegrins and Serbs. The latter respond in kind. There are indications that individuals, in order to cause unrest and create bad blood, are all but doing harm to themselves. But in any case the investigating authorities will shed light on all the dilemmas.

A Hold on Rumors

The day before the most recent explosion we talked to some of the supervisory personnel of the security authorities and with several citizens of Pljevlja. It seemed from what they said that peace was returning, and trust along with it. But the next day, after the explosion, it was again a headache situation.

"There was anxiety about the conclusions of the peace conference in London," says Vukota Scekcic, chief of the security center in Pljevlja, with whom we conducted a "supplemental interview." "I must say that the Muslims expected a special status for Sandzak and that the Orthodox were afraid of that. Fortunately, it all ended in some conciliatory way, which is yet another reason to calm down passions. In any case, before the most recent explosion opstina authorities had made a decision about the new schedule for stores and restaurants. The restaurants were open until 2200 hours. As you have seen, the open-air restaurant in front of the hotel was overflowing, there were plenty of people walking in the evening promenade, and then this explosion resounded, and new rumors have been echoing with it. To the effect that the police and the army are protecting the Muslims, and disarming only the Serbs, that they are 'concealing the name of the bomber because prestigious people are involved,' or 'they are Muslims and they should not be irritated.'"

Scekcic continues, "we do not give those rumors any particular importance. We know our job and we will carry it out to the end. That is what is expected of us. It

is very essential for the security agencies that up to now we have not had criticism that we have overstepped our authority. The members of the MUP, the Federal Secretariat for Internal Affairs, and the Army of Yugoslavia have been doing their job in a professional manner. Thanks to our work together, we have done quite a bit here to prevent the more serious excesses which the extremists on both sides have been longing for. It is very fortunate that so far there have been no casualties, and we will do everything to see that there are none in the future.

"It seems to me that it was all 'cooked up' in the neighborhood. But they are not all-powerful either. I cannot put a sentry in front of every house and keep every local person under surveillance. That is impossible. It is thanks to them that after this most recent explosion a bigger fire was prevented (firemen helped to put it out). They are also doing quite a few things which are in the jurisdiction of us ordinary citizens. They are keeping the peace, they are monitoring approaches, but, as I said, a lot of that also depends on us citizens. It is very essential that they have prevented those strolls and parades with weapons, playing with bombs in restaurants, and things like that."

The Special Forces Are Keeping the Peace

"I do not know the point of all this. Does Bosnia have to happen here as well?" Osman Harambasic, pensioner, spreads his hand in bewilderment. "We have been living together and that is how we must continue. The young people want to prove themselves, but let them prove themselves through their work. What are we going to live on tomorrow? War and interethnic conflicts can bring us only evil and nothing more."

A special unit of the Federal Secretariat for Internal Affairs has been in Pljevlja for quite some time now—just in case. At the beginning, according to its commander, Milorad Davidovic, there was quite a bit of suspicion and dubious glances at the boys in camouflage uniforms. There were shouts of 'foreigners go away' and the like. But when things went wrong, people saw that these boys were keeping the peace together with the Army of Yugoslavia.

"We came here by decision of the federal government and Military Council with the objective of disarming paramilitary formations and preventing interethnic conflicts," Davidovic says. "Volunteers armed to the teeth are returning this way from the war areas of Bosnia with a large quantity of arms and ammunition and, worst of all, with a fierce ethnic chip on their shoulder. All of this had to explode somewhere, and there naturally had to be outbursts. Still, the situation has calmed down to some extent regardless of these recent explosions and fires. I must say that we are here for no other reason than to defend the peace, not to disarm the Serbs. We do our job honestly, and that is how it is going to be in the future as well."

We heard a similar story from Vasa Baosic, commander of the special unit of the Montenegrin MUP. To be sure, he was reluctant to make a statement for the newspaper (he is angry about what some journalists have written), but he says that he is happy with the results so far in keeping public peace and order and emphasizes that citizens' trust in the security personnel is returning more and more with each passing day.

The most recent press release of the opstina Assembly here, which appeals to citizens to do everything to prevent a situation of having to bow one's head in front of a neighbor, of being ashamed of one's friends, and, most essentially, of tomorrow having to be ashamed before one's children, is further evidence that in Pljevlja they are really doing everything to preserve the peace.

Attempts To Remove Panic Strengthen His Position

92BA1423B Belgrade VREME in Serbo-Croatian
7 Sep 92 pp 8-11

[Article by Milan Milosevic: "Bicycle Thieves"]

[Text] *Serbia in a broken mirror; by trying to play with Panic in the Yugoslav Assembly the way that a cat plays with a mouse, in order to tie his hands and show him who is Bush and who is the governor, Milosevic's people have strengthened the position of the new Yugoslavia's isolated and misunderstood prime minister.*

Perhaps Panic was not joking when he said that in Belgrade one should not defend oneself, but rather attack. Realizing that associating with Milosevic will discredit him, he is acting in the opposite way from Cosic: Instead of a concerned ouster with a sympathetic defense, and a paternal removal from power for patriotic and parliamentary reasons, he has tried to drive Milosevic out straightforwardly, directly calling him a liar. He has taunted him, repeating that the "governor of California" has to listen to him.

Panic stated in London that he would ask Milosevic to submit his resignation if he opposed his peacemaking policy. After a conversation with Lord Carrington and Lord Owen, when Milosevic stated that he accepted all 12 points in Panic's program, Panic repeated Baker's words, addressed to him, that "deeds and not words" were expected from him. He also repeated this on Friday in the Yugoslav Assembly, when he also asked the deputies to judge by deeds and not words.

They say that Panic interrupted Milosevic, asking the chairman not to give members of the Yugoslav delegation the floor without his permission. Others say that Milosevic called out to Panic something like "Sit down, Milan, you little fool!"; that he left the London conference angry ("who is negotiating!"), that he came to Belgrade by himself, that Zecevic, the Krajina prime minister, quarreled with Panic in the airplane.... According to the report on the Yugoslav delegation's participation in the London conference, Panic spoke

very sharply about the provincial political demagoguery that had spread ethnic distrust and hatred.

It was clear that he would also soon become the target of that demagoguery himself.

Signature

The witch hunt against Panic was perhaps initiated by the Krajina lobby, which has been present in Belgrade's political life and active at all the moments crucial to Milosevic, even including the Krajina militia's presence in March, when the situation in Belgrade was tense. Perhaps the details of the campaign were really planned in Pozarevac, where, according to a communique from the Pozarevac DEPOS [Democratic Movement of Serbia], there was a meeting among Vljako Stojiljkovic, Brana Crncevic, and Mihalj Kertes, who was replaced and sent back home from London, but it is most likely that Milosevic, after returning from London, cursed Panic in front of his servants and thus started a small avalanche. Seselj said in the Assembly that the "replacement of that professional individual" and "honorable Hungarian" "touched his heart." A person acts to protect his own interests.

It is clear to everyone that Milosevic has tried to cash in on his intransigence in the domestic arena before the elections, since the campaign is marked by his signature: First of all, from "delegation circles" the news "from our delegation's circles" leaked out, precisely to his television, that he had prevented Panic from recognizing Croatia, "something to which representatives of the Serbs from Croatia have already reacted" (each of the Yugoslav foursome headed his own advisers there). The main television station's viewers spent evenings with war lobbyists, first with Brana Crncevic and Dr. Smilja Avramov, and then with Koljevic and Hadzic. TV responses and reactions began. It was seen that the old mechanism for mass pressure would be activated, except that nothing is the same as it was before.

Tomislav Sekulic, a deputy from Kosovo who has the reputation of an independent politician, suspected that the arrival of people from Kosovo in Belgrade was inspired from "you know what" center, in accordance with the tried-and-true technique. Yugoslav Kostic, chairman of the Federal Chamber, recited in front of the delegation of Kosovo Serbs that he was also from "little Banjska in Kosovo," and that he would not abandon them, that the Albanians would remain a national minority, and that Panic also bothered him, Kostic, and "that some of Panic's statements have upset citizens."

Unofficial explanations could be heard from Socialist Party circles that they wanted to "put a little pressure on Panic," that they "had yet to make a determination," etc. People in the government were very cold-blooded, and some were even inclined to bet that nothing would come of the campaign against Panic, showing almost openly that it seemed to them that that Assembly needed them more than they needed power. The Montenegrins

were surprised and reacted with indignation. They criticized their coalition partner for not consulting them before starting the discussion about the prime minister, who, by the way, was simply imposed upon them two months ago.

Carrying a big picture of Slobodan Milosevic, the delegation from Kosovo came to the Yugoslav Assembly on 31 August. Panic received the Kosovo delegation that afternoon. He repeated that it was necessary to repeal the laws "that had never been implemented," that the university in Pristina should function, that the Albanians should study in their own language if they wanted, like the Mexicans in California, although he would urge them (but not order them) to be educated in Serbian, so that they could get jobs more easily. He said that Hurd had invited him to talk with Rugova, that he had agreed to that dialogue with satisfaction, and that the domestic "democrats" had to abandon the principle of "my freedom is good only if I give you freedom."

It was clear that the Kosovo delegation was planned as additional pressure upon Panic and as assistance to the campaign by the Serbian Radical Party and some of the Serbian Socialist Party deputies. They launched an initiative for a vote of confidence in the federal prime minister, rejoicing like children in the Assembly's corridors.

The most active one was Brana Crncevic, who said that Panic was a person who "could be dangerous to the state," that Panic "had several instructions," and that "it is not known how much he represents the Americans and how much he represents us." Crncevic admits that "backing away from the declaration on London is not the only motive; it is also that one cannot figure out what that person wants."

At the moment that Panic was replacing Kertes as head of the UDBA [State Security Administration] because the latter did not accept the government's opposition to ethnic cleansing, Crncevic, who had to have some role in the encouragement of Serbian xenophobia, was claiming that there was no ethnic cleansing of Yugoslav territory. Perhaps that detail reveals the main motive for the attack against Panic. After Kertes's replacement, many of the creators of Serbian xenophobia could have felt threatened. The specific decisions of the London conference contain a provision that "the sides should exercise control over undisciplined elements in their areas."

Little Joke

One Socialist official told the VREME reporter that the Socialists' intention was to "put a little pressure" on Panic, and let him know that he could not do whatever he wanted, and whether they would go against him to the end—"they will see and make a determination." He had to know that a response would come, and he skillfully answered them that they had lost 15 games with a score of 12:0.

On Wednesday EKSPRES POLITIKA published an interview with Milos Bojovic, who claims that he opposed the initiative to have Panic replaced before questioning him about what exactly he said, and directly linked Borisav Jovic with that initiative. That is why Bojovic, who claims that he opposed the initiative against Panic before the beginning of the Assembly meeting, first raised a deputy's question about what the federal government was doing to ensure citizens a normal supply of oil! In any case, Milosevic's bills are already coming to Panic: On 3 September, Col. Milan Milojevic brought "Yugoslav invalids of the current war" to the Assembly. He promised them regular disability payments.

The day after the initiative to replace Panic was started, Jovic denied that the Socialist Party had any position on that initiative at the time that it was started, and that he "could not oppose the vast majority of the Socialist deputies, who wanted to start that initiative," although his behavior in the Assembly did not reflect such a neutral position. In response to Dr. Oskar Kovac's question about whether the government's report on the London conference was needed for a discussion about confidence in the government, Jovic, as if he were the boss, said that it was possible but not necessary, since the London conference was only a detail in the government's work. Before this, in a statement for the TIKER agency, he called Panic "a frivolous politician who was not acquainted with his authority," and said that he could not get away without public criticism. The Socialists held a certain number of meetings, at which what was said about Panic was in between indefinite criticisms and the quite specific criticism, voiced in Nis, that "Panic has been destroying Milosevic's authority from the beginning." Afterwards, the SPS executive committee instructed its members not to vote against Panic "if his government accepts well-intentioned criticism." After that, Socialist Tomic Raicevic muttered something on the subject of "I hope that we will not lose much."

Possibly the Socialists' intention was to play with Panic the way that a cat plays with a mouse, as they played with Ante Markovic, to tie his hands and beat him after first stealing the bicycle with which he had ridden a difficult hill race, to accuse him of signing the capitulation of their policy, to deprive him of any authority, and to attack him as if they were the opposition and they had just come from America.

It is clear that the majority in the Assembly will interfere with Panic's government as much as it can. The FRY Assembly postponed discussion of the proposed amnesty law, requesting that it be adopted in regular proceedings, in a package with other laws on the army. The General Staff gave a negative opinion of that proposed law, but Minister of Justice Tibor Varadi then stated that the Defense Ministry had approved that draft, and that the General Staff and Defense Ministry had to coordinate their positions. Demonstrators in front of the Assembly chanted "Tibor, you master!" Panic, in spite of this, says that he has confidence in the officer corps, although

ironic comments that they are still cleaning Tito's boots and that they did not dare get into his car must apply to the officers' leadership.

It has turned out that some of the participants in the lost war want to undermine peace negotiations in order to keep the issue of their guilt from being raised. The Serbian Radicals, as the loudspeakers of that rigidity that characterizes large parts of the ruling regime, are almost openly playing for the destruction of the peace arrangements, trying to destroy Panic because he is negotiating, but also—which is very interesting and indicative—because he is holding the portfolio of defense minister.

Panic, in a Belgrade Television interview, said that it was time for us to look ourselves in the face, that we never wanted to admit that we had done anything wrong, but we had done something wrong, that we were not any kind of "heavenly people," that we were perhaps better than others in soccer, for instance, but that according to some opinions we were now the "cancer of the world." At a press conference, he said, in Belgrade slang, "Enough lying!"

Borisav Jovic, as if nothing has happened, and as if he has not been forced to the wall, is continuing to claim that "the sanctions are unjust, and that they should be lifted by those who imposed them."

Cosic's Intervention

Dragoljub Micunovic felt that the attack against Panic was an ill-considered political act, which would have had international consequences, because the international factors would realize that it meant the destruction of all the London agreements, and that Dobrica Cosic "has been faced with a fait accompli once again." Cosic is critical because they did not consult him first, as the head of state who gave Panic the mandate for their proposal, and has announced that he will not obediently follow them. Panic claims that Cosic called him personally many times and finally brought him to Yugoslavia, and that Helen Delic-Bentley first mentioned to him the idea of coming. Cosic stated in a TANJUG interview that he was "surprised" by the proposal for Panic's resignation.

Crncevic argued with Cosic, claiming that "whether Panic comes or goes does not change anything." Many people at this time doubt Cosic's attachment to Panic, since Panic's liberalism differs from Cosic's nationalism. According to Djindjic—and in this matter he could be a good interpreter of what is happening behind the scenes—Milosevic miscalculated in assessing that the differences between Cosic and Panic were insurmountable and that Cosic would stay out of it. Djindjic says that Milosevic similarly miscalculated in the POLITIKA affair.

Two days later, when it had already become clear that the public was on Panic's side (according to the PARTNER agency, as many as 82 percent of Belgrade residents support him), Cosic sent a very sharp open

letter through TANJUG to the deputies' groups of the Serbian Radicals and the Socialist, announcing that he thought their decision was ill-considered, politically damaging, and "traditional in the bad sense," and thanking the Montenegrin Socialists for their wise conduct.

His unrestrained praise of Panic indicated that Cosic had invested all his prestige in defending his prime minister: "In spite of a lack of adjustment to our circumstances, which are difficult for people from other areas to understand, with his exceptional activity, his truly rare political energy, his devotion to the state's basic goal, his new style, and his impressive ability to communicate, he has achieved significant results; he is announcing a peaceful and democratic face for our outcast and isolated country." That defense, however, does not mean that Cosic supported expanding Panic's jurisdiction. Cosic only sent the message, "I know what he is doing." In the Assembly, he played up to the Radicals by saying that their political reaction, "reasonable in motive, was too strong in expression," and that some arbitrary statement might elicit their justifiable dissatisfaction. It is not certain whether Panic will remain unhindered after this affair and whether his ability to maneuver in future actions might not be reduced. Cosic "announced" that something had to be given up in negotiations, saying that "the interest of the state, rationally understood, has to be above our emotions." He has apparently reserved that right for himself, however.

Capitulation

Before Panic's trial started, the results of the London conference were assessed in Belgrade as the signing of a capitulation, and as a confirmation, written in English, of the failure of Milosevic's policy.

The Democratic Party of Serbia felt that the Yugoslav delegation had suffered a fiasco in London; the Democratic Party, that it was a partial success; the SPO [Serbian Renewal Movement], that one should not rejoice prematurely; Dragan Veselinov, that Milosevic returned undefeated from London; Milan Komnecic, that we did not have any reason for exaggerated optimism, and that it was a finale with considerable uncertainty; and New Democracy-Movement for Serbia, that through the introduction of international arbitration on minority rights, Serbia had been put under a protectorate.

Rade Stojanovic of the Democratic Party of Serbia interpreted the London conference's decision as a verdict on Serbia's policy; in Stojanovic's opinion, Serbia was in a more favorable position even while it was a Turkish vassal, since then it had its own defenders and its own protectors.

In his opinion, Milan Panic is not responsible for the policy that has led to this, but there is no other way. He did the only thing possible, because he could not do anything else but accept all the ultimatums resulting from a policy that he did not conduct, according to

Stojanovic, who, after several days, interpreted the attack against Panic as the Milosevic regime's attempt to conceal its failure. He requested that Slobodan Milosevic finally resign, and that a coalition government be immediately formed in Serbia.

Zoran Djindjic, in a statement for NTV, said that the republic leadership should gradually be removed from the international scene so that it would not spoil our side's credibility, since it would not be good if the first sergeants were promoted to generals after returning home.

After his return from London, at the Surcin airport on 29 August, Dobrica Cosic's pessimism was less depressing: "When I left, my anxiety was deeper than my hope, but now my hope is deeper than my anxiety. I think that I can tell the citizens of Yugoslavia that they no longer have to be anxious about intervention. Our international position is very difficult, but it is not hopeless."

He said in that Assembly that "the time of responsible and reasonable people is coming," and that "there is no room for the self-willed, the desperate, the angry, the weaklings, and the indifferent cynics."

Milan Panic even said that it was "an excellent conference for the Yugoslav government," and that the basis of the conference was Panic's letter, and recalled that if the Yugoslav side did not do what it had agreed to, the Security Council would be called upon to apply all international sanctions. Before the Assembly session, he stated that when he came to power, Belgrade was facing bombardment.

The public disputes between Panic and other members of the delegation, and the major differences that surfaced in London, were interpreted by many people as some sort of tactical maneuvering, since Panic, more than Cosic, obviously needed to confirm his legitimacy by publicly dramatizing those differences. In the end, Panic has become the symbol of a number of changes that the outside world wants in Yugoslavia, and if he survives, he will have to fight to cash in on the credit that he has now achieved.

Bora Mirkovic, from the Social Democratic Party that is being founded, which observers consider close to Cosic, felt at the beginning of the week that a conflict between the federal and republic authorities was inevitable and necessary, and that it had started.

Zoran Djindjic thought that the SPS's intention was to try to cancel the London agreement, and to destroy the entire conference in the name of saving the vanity of a politician without a shred of responsibility and conscience. "This people has had enough historic meetings (five years have passed since the Eighth Session—editor's note) and coups d'etat. The SPS has simply lost its bearings; it is trying to turn the clock back and take us back to a cold war situation, in which it feels best," Djindjic says.

The quickest of the opposition parties to react to the demand that Panic be overthrown was the SPO, whose communique notes that "the ink of the London agreements has not dried yet, but Slobodan Milosevic is trying to play Russian roulette with the Serbian people's head," and that "that policy is leading to further confrontations in Serbia." Vuk Draskovic proposed that on the same day as the vote on confidence in Mr. Panic, the citizens of Belgrade should "speak for themselves" in front of the Assembly. Draskovic lucidly commented that the law on restricting public gatherings did not apply and that people could assemble freely, since the group from Kosovo gathered in front of the Yugoslav Assembly without paying a fine.

The Center for Antiwar Actions announced that Panic was the last chance, and called upon the public to rise in his defense. Ratomir Tanic of the Civil Alliance thought that Panic's recall would be "a big disgrace and a big danger to the real national interests of Serbia and Montenegro." The Reform Party announced that Panic's only "sin," apparently, was that he took seriously the need to establish peace and carry out a thorough social and economic transformation of Yugoslavia.

"Panic cannot do it by himself!" read a summons to Belgrade residents to come out into the street, support Panic, and prevent Seselj from seizing power. Several parties denied that they were behind that flyer, and Panic sent a message to students to stay home, saying that when he needed their help he would ask for it. He also said that Milosevic was cooperative—which is probably some sort of tactical cooperation to Cosic, since the sentence "They have to go" can only apply to one political group, the one that tried to steal the London bicycle from him. In any case, Milosevic was booed, in the usual way, by about a thousand Belgrade residents in front of the Assembly.

DSS Goals Promoted by Party Leader Kostunica

*92BA1420D Belgrade POLITIKA in Serbo-Croatian
4 Sep 92 p 10*

[Article by S. Todorovic: "In Favor of Authentic Democracy, Against 'Improved Socialism'"]

[Text] Zajecar, 3 Sep—In the overflowing large auditorium of the Assembly of Zajecar Opstina, the very top leadership of the newly established DSS [Democratic Party of Serbia], headed by Dr. Vojislav Kostunica, last night promoted its program, mainly only its political program, for nearly two hours. The speakers and the extremely curious audience targeted hot topics: Why establish a new party? When will the regime recognize it? What will happen to Yugoslavia after the London conference? Why did the Socialists and Radicals call for Panic? What will happen to the Serbs outside Serbia?...

Dr. Vojislav Kostunica, Milko Petrovic, Vladeta Batic, Mihajlo Kovac, and Drasko Petrovic delivered speeches and answered questions.

They were all unanimous that the London conference was a grave defeat for Serbia, the greatest since the Berlin Congress, and that the regime in power is to blame. And then that the same regime wants to bring down Panic because of all the mistakes it has made and justify itself. They do not believe that the announced elections will take place soon, because the regime does not want to accept the opposition's democratic demands. The present regime has in their estimation betrayed the Serbs outside Serbia and put them in a hopeless position. Serbia and Montenegro will have to beg for international recognition for a long time, and their new joint state will never be recognized under the name Yugoslavia. The Serbian regime is also working against itself, in the estimation of the people from the new party, in that it is not recognizing their party with its democratic name, program, and tradition, but it is recognizing numerous nationalistic parties, terrorist parties....

"We have established this party because Serbia needs democracy, not communism," Dr. Kostunica said. "To be sure, there are still socialist parties in Europe, but they are really democratic, they really do not accept this incumbent party in Serbia, which only calls itself that, because they know that it is a communist party... Moreover, we do not want 'improved socialism,' but true democracy in keeping with Europe's standard. We really do not want Cosic's communism instead of the communism of Slobodan Milosevic's SPS [Socialist Party of Serbia]."

Kostunica said of the present Constitutions of Serbia and Yugoslavia that they cannot be corrected, as Dobrica Cosic thinks they can, but must be drafted from scratch. They are not and cannot be democratic, because they were drafted and adopted only by the ruling parties of Serbia and Montenegro. Nor does Kostunica believe that the promised elections are "in the offing," but the new party will accept them only under equal conditions and only with a unified election slate within DEPOS [Democratic Movement of Serbia].

The motion to vote a lack of confidence in Panic and his government was seen by Kostunica as a deliberate move of the ruling party of Serbia at the beginning of the election campaign. Convinced that this was done with the knowledge of Slobodan Milosevic and that Dr. Smilja Avramov (his adviser, in fact twice) and Brana Crncevic made tasteless appearances on television as part of that scheme. It is clear to everyone that the Serbian regime has been making mistakes for more than two years and that Panic cannot be guilty of those mistakes after 50 days in office.

[Box, p 10]

Obilic and Brankovic

In its election campaign, in Kostunica's estimation, the Socialist Party of Serbia wanted to represent the London conference as the battle of Kosovo. That is why Milosevic was given the role of Milos Obilic and Milan

Panic was supposed to become Vuk Brankovic. As in all the tricks up to now, that "miracle of Belgrade television" was involved in the direction and script.

Debate on Serbian Electoral System Considered

92BA1420B Belgrade POLITIKA in Serbo-Croatian
3 Sep 92 p 7

[Article by Rade Rankovic: "A Proportional System or a Majority System"]

[Text] Not so long ago Radovan Radovic, deputy of the SPS [Socialist Party of Serbia] from Trstenik, was explaining from the speaker's platform of the Assembly that it is easier for the people to vote in a majority system, because it commits itself directly to a person, not to some "combination of parties as in proportional elections." The line of argument of the SPS, which convincingly won two election races precisely thanks to the majority system, actually comes down basically to that.

The opposition, on the other hand, does not intend to retreat from its basic demand—that the upcoming election be held according to the proportional system. There are many arguments, but perhaps the essence has been provided by Dragoslav Petrovic (SDP [Social Democratic Party]): "During the transition from the undemocratic to the democratic system, it is better to adopt a proportional election system. And only after two or three elections will the situation become clear."

Or, as someone has said in jest, following the threat of the SPS that it would not take part in the election over this issue:

"So let the Socialists boycott the election once, as they have been saying. The sky is not going to fall."

European Experience

As matters now stand, the pure majority election system (as Serbia had in the elections in December 1990) is applied in only a few states in the world. In Europe—in Great Britain and France, then in New Zealand, and in the United States. Germany is adopting a mixed election system, while all the other European states conduct elections according to the proportional system.

Almost all states of East Europe (Hungary, Czechoslovakia, Poland), which had the same "one-party" problem as we do, organized their first multiparty elections according to the proportional system. Only Croatia and Serbia stand out with the majority system, and in them the two strongest parties (the HDZ [Croatian Democratic Community] and the SPS) took a majority in the parliaments out of proportion to the number of votes they obtained in the election.

It is with the roundtables of the republic and federal governments that the two-year-old Serbian dilemma between a majority or proportional election has become relevant. The experts engaged by the Justice Ministry of

the Federal Government and assigned the task of preparing the election law came forth with a unanimous position: a proportional system in the next election. And it is in that spirit that an election law running to about 120 articles was prepared.

"Our group of experts committed itself to the proportional election system on purely professional grounds. We took the position that it is the only one that suits us, and we have two kinds of imperial indicators to back that up. The first is the immediate experience of the election in December 1990. The polarization of forces in the parliament is far greater than in the electorate—which is a direct consequence of the majority system," says Lidija Basta, a member of the group of experts, which prepared the election law.

According to her, when there are a large number of parties (and there are 85 of them registered in Serbia), it is more appropriate to hold proportional elections.

For a Nonhomogeneous Society

A second very important criterion in opting for the proportional election system is the situation in Serbia and the FRY [Federal Republic of Yugoslavia]. "Serbia is not a homogeneous society—neither ethnically, nor in religious terms, nor in ideology. That fact must not be overlooked," says Lidija Basta.

"The majority election system, which implies the principle of 'perpetual losers,' would only deepen the present division," she explains. "Democratic integration is possible only by respecting all political factors."

The question of a majority or proportional election system, she goes on, arises out of two completely different approaches to democracy:

"Supporters of the majority system see democracy as the argument of the majority. Opposed to that is the conception of democracy as the right of a political minority to be represented.

"In the majority election system, there is an irregular and disproportionate conversion of voters' votes into deputy mandates. One example is the December election in which the SPS received slightly more than 46 percent of the vote, but 78 percent of the deputy seats. Or, in the last election to the Federal Assembly, when a mixed system was applied. In that part of the election to the Federal Chamber in which the majority system was applied, the SPS received 80 percent of the vote, while in the proportional system it obtained only 35 percent," Lidija Basta said.

As she went on to say, the arguments that majority elections are more direct, because the voters commit themselves directly to a particular person, are not to the point. "Presumably people commit themselves to a program. And always there surely is a connection implied between the particular person and the party to which he belongs.

"Also, parties are required to present a slate of candidates even in the proportional system—so that once again the citizens know for whom they are voting. The objection that the proportional system creates an unstable government is not valid either. The stability of the government, after all, depends on other factors.

"Look, say, at Holland, Belgium, countries which have a heterogeneous population. They hold elections according to the proportional system," Lidija Basta concluded.

The Arguments of the SPS

Before he presented the arguments of the SPS in support of the majority system, which the incumbent party favors, Goran Percevic, federal deputy in the Citizens Chamber, attempted to remove a dilemma "that was artificially created":

"Both election systems are equally legitimate and equal, so that objections of the opposition that the majority system is undemocratic are not valid.

"This is our point of departure in the roundtables, and we are ready to compromise, while the opposition takes the view that it will boycott the election unless the proportional election system is adopted," Percevic says. In answer to the question of how far the SPS is willing to go in compromising, he says that that limit has not been fixed, but a little later he mentioned a mixed election system.

"There are some 100 different versions of a mixed election system in the world, and nowhere does there exist what the opposition is proposing.

"Our first argument is that the majority election system is more democratic, because in it the citizens of an election unit decide directly on their deputy. Also, the majority system is more in keeping with the basic constitutional principle that the citizens exercise power directly and through freely elected representatives," Goran Percevic says.

And then, he adds, the majority election system makes it possible for individuals not only to elect, but also to be elected (as deputies of a group of citizens in the Serbian Assembly). This is not possible in the proportional system.

"In the election to the Federal Assembly, we had about 400,000 invalid ballots. Citizens circle the name of a man rather than the party," Percevic says, presenting this position as yet another argument in favor of the majority election system.

In his opinion, the proportionalist's argument that the majority system smotheres small parties is not valid either. "How is it, then, that representatives of some 15 parties, all of which are in parliament, are sitting at the roundtable?"

Percevic presents another detail which in his opinion is not to the point:

"The group of experts of the federal government has already prepared a version of the election law, although it was supposed to draft the election law only after we reconciled our views."

Opposition Supports Proportional Electoral System

92BA1405A Belgrade POLITIKA in Serbo-Croatian
27 Aug 92 p 6

[Article by M. Pesic: "Second Working Day of Government-Opposition Roundtable: Opposition for Proportional Electoral System"]

[Text] *The Federal Government proposes that the three strongest Albanian parties from Kosovo be included in the work of the roundtable; elections at all levels sought, from opstinas to the republics to the federation, based on the same election model and on the same day; DEPOS [Democratic Movement of Serbia] for elections to a constitutional convention.*

The the morning of the second day of the first session of the government-opposition roundtable, which is being held in the Federal Assembly, transpired in a somewhat more constructive atmosphere. After an initial stumbling block concerning the modus operandi of this interparty conference, fundamental discussion got under way concerning the body of problems surrounding the Election Law, the Law on Political Parties, and Rules for Representation of Parties in the Media During Preelection Campaigns.

For now, the opposition parties are united in their desire to introduce the proportional electoral principle for elections on all levels, from local self-management to the republics and the federation. Considerable agreement has also been achieved within the opposition concerning the introduction of a limit for the reregistration of parties (between 1,000 and 5,000 members, instead of the current 100), but also concerning the threshold of votes necessary to enter parliament (2 and 5 percent) [as published].

Prospect of Blockade of Political Institutions

In his introductory remarks, the presiding officer at the roundtable, Dr. Radoje Kontic, the federal vice prime minister, reminded the participants that the conflicts in our society are such that they threaten to block political institutions. If such processes are not halted, an opportunity for such is provided by this roundtable, then the door will be opened for a strengthening of those forces that are attempting to realize their political goals and options through means that are neither constitutional nor legal nor political, Kontic added.

"If there is no dialogue and process of reaching an understanding, then the alternative for overcoming conflicts can hardly be democratic. Naturally we do not rule out the possibility of obstruction, but that is easily recognizable," the vice prime minister said in his remarks.

In his words, the Federal Government expects an absence of consensus on certain issues, and for that reason it will support giving detailed consideration to every majority opinion of the roundtable while drawing up the text of the law, whereby each person must provide valid arguments for his stance. Kontic expressed his support for talks with plenty of tolerance and patience. "If we stick to hard-line and ultimatum-like party positions, with no willingness to compromise and respect other opinions, then the solutions that are in everyone's interest will remain an illusion," the presiding officer emphasized.

The government will support a type of electoral system that will contribute to the integration and stability of the political system, Kontic continued, noting that the type of electoral system is not a neutral framework within which parties compete. An electoral system can play a major redistributive role and favor one of the political parties.

"There is no ideal electoral system. Because of this, we appeal to the parties for cooperation. The best system is one under which party programs and policies—and not electoral standards and institutions—are reexamined after the election results are in," Kontic said in supporting the SPS [Socialist Party of Serbia] proposal that representatives of the three strongest parties of the Albanian minority also be invited to the roundtable from Kosovo and Metohija.

Concluding his report, Kontic expressed the hope that the roundtable will complete its work by 10 September in order to present a harmonized declaration to the assemblies.

Goran Percevic (SPS) proposed that since the opposition has similar positions, it should sit down and jointly harmonize them. "We have no reason to participate in the harmonization of the opposition's positions. We will hear them out and be present there, but we will also put forward our own positions," Percevic said.

The opposition perceived this proposal by the socialists as a desire by the ruling party to obstruct the roundtable. Milan Paroski (NS [People's Party]) criticized the young socialists for trying to talk their elders in the SPS into playing an obstructive role. Goran Latinovic of the SK-PJ [League of Communists-Movement for Yugoslavia] called the SPS proposal "insolence" because it places the opposition in a devaluating position. Kosta Cavoski, the expert in the SPO [Serbian Renewal Movement] group, noted that this gathering is multilateral, not bilateral, in nature and demanded that someone with a higher position in the SPS come to the roundtable. The chairman of the radicals, Dr. Vojislav Seselj, issued an

appeal to the effect that people not resort to insults so that the socialists do not abandon the roundtable and put the blame on the opposition. "If the table collapses, then let it be for reasons of principle, not because of insults," he added.

Because of the veritable cannonade of insults directed at the young SPS representatives, a reaction was forthcoming from their leader, Dr. Momcilo Grubac, the minister for human rights and national minority rights, who appealed for a halt to this. Explaining his proposal once again, Percevic noted that they are in favor of equality for all, and that it would not occur to them to obstruct the roundtable. "We are in favor of forming working groups that will work on harmonizing positions during the break between the two sessions," Percevic emphasized.

Simultaneous Elections

During the fundamental discussion, Mirko Jovic, presenting the positions of SNO [Serbian National Renewal], said that he accepts the report by Radoje Kontic. Jovic asked that this roundtable expand its authority to republican and local elections. According to the SNO leader, if this were done, then that would be a major success. He expressed his support for a principle under which Serbs would be guaranteed 50-percent representation in local assemblies in areas with mixed nationalities (Kosovo, Vojvodina).

The SNO also asked that the criteria for registration of parties be narrowed in order to hinder the registration of organizations with separatist goals, and that a Law on Voter Registration Lists be enacted.

The League of Communists-Movement for Yugoslavia supports preserving the integrity of the FRY [Federal Republic of Yugoslavia] in its entire territory. "None of the principles of the Vojvodinan autonomists and Albanian separatists can be considered," added Goran Latinovic, the chairman of the SK-PJ for Serbia. Like the SNO, the communists too are in favor of a proportional electoral system and the reregistration of parties with a higher limit of 3,000 to 5,000 member signatures. The communists are also in favor of holding all elections, from the local to the republican and to the federal level, on the same day. Latinovic also proposed the formation of interparty control commissions for the media and electoral process.

Dr. Vojislav Seselj, the chairman of the Serbian Radical Party [SRS], declared his categorical support for a proportional electoral system. "That is the best solution for a country that is freeing itself from a dictatorship," he added. According to Seselj's proposal, a party would have to win at least 5 percent of the votes in an election in order to be represented in parliament. The SRS leader also asked for the adoption of a constitutional amendment that would obligate the republican assemblies to hold elections on all levels according to the same principles, because otherwise, in his opinion, there will not be any of them. Milan Paroski agreed with those who

preceded him, especially with the SNO proposals. The chairman of the People's Party asked that ordinances be enacted that would harmonize these elections with elections in the *krajin*s. Paroski feels that a party can be represented in parliament even if it wins 2 percent of the votes.

For Dr. Radeto Stojanovic of the Democratic Party of Serbia (DEPOS) [as published], the most important legal and political assumption for the elections is whether they are elections to a constitutional convention. "We are not abandoning this demand, but that does not prevent us from talking to those who are not in favor of a constitutional convention," Stojanovic said.

[Box, p 6]

Markovic Without a "Z"

Milan Paroski has asked that Skundric and Markovic join the roundtable from the leadership of the SPS. "If those gentlemen are brave enough to continue telling lies to our faces, then let them come to this table," Paroski said at one point, prompting the presiding officer, Momcilo Grubac, to warn him that these are his assumptions. Danilo Z. Markovic, a member of the Serbian government delegation and minister of education, reacted immediately. "I ask Mr. Paroski to state the full first and last name of the Markovic to whom he is referring, because he continuously points to me." Paroski immediately dismissed this: "The one without a Z and a period."

Effects of Serbian Economic Measures Discussed

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[Article by Blagoje Komljenovic: "What Effect of Government Measures?"]

[Text] A million workers on forced leave; empty factory coffers and reserve funds; budgets without real sources of income always result in hyperinflation; demarcation of authorities of federal and republican governments.

The government of Serbia, which was criticized by parliamentary deputies for its late reaction to our political and economic isolation (at the end of June), predicted that the unjust punishment of the FRY [Federal Republic of Yugoslavia] by means of the blockade would last three months at the most. If such an initiative were to be launched in London—of which unfortunately there are no indications—then the Serbian government's predictions would certainly be praiseworthy.

The day before yesterday, the office of Dr. Radoman Bozovic, together with leading officials from the Economic Chamber and Trade Union of Serbia, examined the results of implementation of the government measures to alleviate the consequences of the UN economic sanctions. Over the past two months, the report emphasizes, the government measures have yielded positive

results. It enumerates: Maintenance of the balanced functioning of the economy and supplies to the market been ensured, and overall life and work have been maintained at the necessary level. It is also emphasized that the action of the program is basically realized in the areas of production, prices, and wages.

Is this really how it is? People from the economy, especially from the numerous factories that are at a standstill and have no idea when the machines will be back in operation, do not share the government's opinion. During July and August, according to a Trade Union assessment, more than 250,000 workers were on forced leave. Now the data are even bleaker—there is talk of as many as a million people unemployed because of the sanctions. Their average wage is 65 percent of the lowest personal income, meaning less than 15,000 dinars for July. Every other of the 1,100,000 pensioners is also increasingly impoverished in society. Thus far, it has somehow been possible to pay out this "minimum wage," but how can it go on? The coffers of both factories and reserve funds have been emptied.

The framework for payments is too flexible. During hyperinflation, indexing wages becomes a rule of conduct. That is how the lowest starting pay here is determined, after which it is multiplied by coefficients up to three times. True, that is the formula only for the mass of personal incomes, but within that mass there are social divisions. Wages greater than 100,000 dinars—the dream of many people—are no longer a rarity. At least not in banks and foreign trade and among deputies and high-ranking officials in the government.

Why There Is No Cooking Oil and Sugar

Satisfaction with the situation on the market—supplies and prices—is emphasized in the government report. Where is there sugar, cooking oil, cigarettes, gasoline, medicine...? From black marketeers? We all know why there is no petroleum (we are prohibited from importing it), but only the responsible ministers know why there is no cooking oil and sugar. During these crisis times of survival, even more citizens are irritated by the message that the stockpiles of these staples are adequate, but that it is difficult to reach an agreement with producers on prices. This mutual grudge between the state and the suppliers is a welcome sign for the black market, which is growing by leaps and bounds, once again at the expense of the most impoverished stratum of citizens.

Prices are a separate story. A monthly inflation rate of over 60 percent, regardless of how much lower it was over the past 30 days, is a tragedy for any society. No one questions the fact that the blockade is having a considerable effect on the price rampage, but the government must also be criticized for the chaos on the market. One could say that the only market that still exists here is on the street, where the laws of supply and demand actually hold sway, while in other segments consumption is dominated by monopolies and distribution. That is how it is necessary at this time that freedom in pricing be

restricted and extremely controlled, and that is universally the job of the state. In July, for example, controlled prices increased 40 percent, while free prices "jumped" 69 percent.

In recent days, we have witnessed a new wave of price increases. These include electricity, transportation, gasoline, bread, public utility services.... The reins on prices are in the hands of the state, which kept them frozen for more than a month, only now to bring with them a price increase in hundreds of other products as well. The disrupted value ratios (disparity), which have long since been in place for electricity, petroleum, and food, are hard to compensate for during times of crisis. It is an illusion to think that inflation will be restrained in this way, because enormous losses are accumulating in these primary sectors which ultimately the state has to restore, most often through a prime issue of currency.

Who Has Monetary Authority?

The government of Serbia also recognizes one weakness of policy—in monetary trends there has been a serious breach with a negative reflection on the market. But surprisingly, it shifts responsibility for them to the federal monetary authorities. Which ones? Is it the federal government, which has been in office only a month and a half, or the National Bank of Yugoslavia, which has primarily carried out the orders of the republics concerning the continuous and ever-greater printing of uncovered money.

The danger of too much prime issue is known—it always results in hyperinflation. Especially when the budgets of the republics and of the federal state are too large anyway, without any real sources of income, meaning that they are largely filled by the printing presses in Topcider. Last year's federal budget, from which the armed forces took far and away the greatest share, was supplied exclusively from the printing of dinars. But the republics of Serbia and Montenegro have also used prime issue as their main base of support for filling the state coffers.

The new federal government of the agile and radical Prime Minister Milan Panic first proceeded in the economic sphere to establish order in the area of monetary and credit policy. Thus, it is trying to give the National Bank of Yugoslavia the authority enjoyed by all central banks in the developed world, while making the scope of the federal budget conditional on real sources of income.

The powers of the federal state and of the republics must be demarcated as soon as possible. This is in fact the position of the Serbian government as well. Revenues from customs will have to be returned to the federal coffers, probably together with some of the sales tax. Monetary and fiscal policy should be in the hands of the central authorities, together with foreign trade and foreign-exchange policy. The federal and republican governments must yet agree on the level of participation of the government in other economic segments.