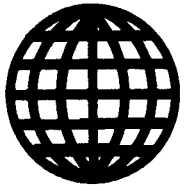


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16 AUGUST 1990



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CONTENTS

16 August 1990

POLITICAL

BULGARIA

Salaries, Educational Requirements of Local Officials [DURZHAVEN VESTNIK 12 Jun]	1
--	---

HUNGARY

Foreign Policy Briefing: Romania, CSFR, Taiwan, OAS [MAGYAR HIRLAP 30 Jun]	2
Minister Kadar Echoes Austrian Analogy With Monarchy [MAGYAR NEMZET 9 Jun]	2
Economic Policy: Opposition Comments [FIGYELO 31 Mar]	4
State Funding of Parties, Feasibility of Control Challenged [FIGYELO 31 May]	6
Intelligence Chief Interviewed: Changed Orientation [MAGYAR NEMZET 9 Jun]	9
Census Bureau Now Part of Interior Ministry [MAGYAR NEMZET 8 Jun]	11
MSZP Newspaper Publisher To Be Under Government Supervision [MAGYAR NEMZET 8 Jun]	11

POLAND

Socialist Party Leader on Party Activities, Political Climate [TYGODNIK SOLIDARNOSC 8 Jun]	12
--	----

YUGOSLAVIA

Bosnian Serbs Urged To Be More Politically Active [NIN 29 Jun]	14
--	----

MILITARY

INTRABLOC

Hostility Toward Soviet Forces in GDR Cited [Hamburg DER SPIEGEL 16 Jul]	16
--	----

HUNGARY

Soviets Bar Entry to Inspection Team [MAGYAR NEMZET 31 May]	21
Paying for Soviet Military Investments Discussed [MAGYAR NEMZET 9 Jun]	22

POLAND

New Emphasis on Role of Tradition in Army Reported [ZOLNIERZ RZECZYPOSPOLITEJ 21 Jun]	22
Computer Simulation Use in War Games Reported [ZOLNIERZ RZECZYPOSPOLITEJ 25 Jun]	24
Defense Ministry Proposes Contractual Service by Needed Professions [ZOLNIERZ RZECZYPOSPOLITEJ 27 Jun]	25
Officer-Candidate-School Murders Question Training Process [TYGODNIK POWSZECHNY 10 Jun]	27

YUGOSLAVIA

Army Death Statistics Refute Claims of Kosovo Academician [NARODNA ARMIJA 21 Jun]	28
---	----

ECONOMIC

CZECHOSLOVAKIA

Retail Price Changes; Step to Market Economy [HOSPODARSKE NOVINY 3 Jul]	30
---	----

HUNGARY

Restoring 1947 Land Ownership Conditions—Pros, Cons	32
Smallholders' Agricultural Expert Interviewed [FIGYELO 31 May]	32
Economist Questions Concept's Feasibility [FIGYELO 7 Jun]	33
FIGYELO Editorial Comment [FIGYELO 7 Jun]	34
MALEV Privatization: First Boston Group Consulted in 49-Percent Sale [MAGYAR HIRLAP 18 Apr]	35
MNB Report: First Quarter Improved Monetary Processes [FIGYELO 7 Jun]	36
Audit Reveals Abuse of Social Security Fund [NEPSZABADSAG 5 Jul]	39

POLAND

Soviet Trade Protocol: Trade Must Be Based on Real Currency, Rates [TYGODNIK SOLIDARNOSC 6 Jul]	39
--	----

SOCIAL

GERMAN DEMOCRATIC REPUBLIC

Rising Friction Between Soviet Troops, Locals Cited [Hamburg DIE ZEIT 12 Jul]	42
---	----

YUGOSLAVIA

Severe Measures To Increase Serbian Population [EKONOMSKA POLITIKA 23 Jul]	43
--	----

BULGARIA

Salaries, Educational Requirements of Local Officials

90BA0180A Sofia DURZHAVEN VESTNIK
in Bulgarian No 47, 12 Jun 90 pp 1-2

[Decree No. 56 of the Council of Ministers, dated 1 June 1990, signed by Chairman of the Council of Ministers Andrey Lukanov and Chief Secretary of the Council of Ministers Pancho Burkalov: "Basic Salaries for Certain Functionaries in State Administration"]

[Text] The Council of Ministers decrees the following:

Article 1. It hereby adopts the Table of Titles of Positions and Basic Monthly Salaries in obshtina people's councils and budget-supported specialized territorial agencies and units in the ministries and other departments in accordance with the Appendix.

Article 2. The chairman of the Committee on Labor and Social Security and the minister of finance shall approve the average annual per capita salary of the personnel in the obshtina people's councils and specialized territorial agencies and units in the ministries and other departments.

Article 3. The Ministry of Finance shall reflect the necessary changes in the budgets of the ministries, other departments, and obshtina people's councils.

Article 4. The Committee on Labor and Social Security shall approve the classifier of the titles of position and the serial numbers that will be used for the positions not included in the Table.

Final Provisions

1. This decree shall become effective as of 1 May 1990 with the exception of the new basic salaries for elected officials in the obshtina people's councils and city councils, which will be introduced later together with the new basic salaries for the ministries and other departments, budgetary measures of national importance, and oblast people's councils.

2. In cases where the Decree has become effective, the Uniform Rate Schedule and the Uniform Table of Organization shall not be applicable.

3. The implementation of the Decree shall be entrusted to the heads of the ministries and other departments and to the chairmen of the executive committees of people's councils.

4. The Committee on Labor and Social Security shall give instructions and decide any questions in the application of the Decree.

Appendix to Article 1 Titles of Positions and Monthly Basic Salaries in Obshtina People's Councils and Budget-Supported Specialized Territorial Agencies and Units in Ministries and Other Departments

Serial Number	Position Title	Basic Salary	Minimum Education
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I. Specialized Territorial Agencies and Units in Ministries, Committees, and Other Departments

1.	Head	400-600	Higher
2.	Deputy head	350-520	Higher
3.	Chief specialist	320-480	Higher
4.	Chief legal counsel	320-480	Higher
5.	Chief accountant	320-480	Higher
6.	Specialist	290-400	Higher
7.	Specialist	250-350	College; secondary specialized
8.	Specialist	190-320	Secondary
9.	Chief of administrative and maintenance department (office)	190-320	Secondary

II. Obshtina People's Councils

10.	Chairman of executive committee of obshtina people's council	500-750	Optional
11.	Deputy chairman of executive committee of obshtina people's council	450-650	Optional
12.	Secretary of executive committee of obshtina people's council	450-650	Optional
13.	Commission chairman in executive committee of obshtina people's council	400-550	Optional* Higher
14.	Chief of administration	400-550	Optional* Higher
15.	Chief architect	400-550	Optional* Higher
16.	Chief legal counsel	320-480	Higher
17.	Division chief	320-480	Higher
18.	Chief accountant	320-480	Higher
19.	Specialist	320-480	Higher
20.	Specialist	270-400	Higher
21.	Specialist	250-350	College; secondary specialized
22.	Specialist	190-320	Secondary

III. Town Councils

23.	Mayor	400-550	Optional
24.	Deputy mayor	340-500	Optional
25.	Secretary	340-500	Optional

Appendix to Article 1
Titles of Positions and Monthly Basic Salaries in Obshtina People's Councils and Budget-Supported Specialized Territorial Agencies and Units in Ministries and Other Departments (Continued)

Serial Number	Position Title	Basic Salary	Minimum Education
26.	Chief specialist	290-400	Higher
27.	Specialist	270-350	Higher
28.	Specialist	190-300	Secondary

Notes:

1. When the position of "chief accountant" is occupied by a person with a college or secondary education, his basic monthly salary shall be set at 250-380 leva.
2. For auxiliary executive personnel and manual laborers, the basic pay rates shall be 165-300 leva.
3. Mayors in municipalities with a population of over 20,000 shall be entitled to the basic salaries set for executive personnel of obshtina people's councils.
4. Up until 1 July 1990, specialists, auxiliary maintenance personnel, and manual workers with longevity of less than one year shall be entitled to initial pay under the appropriate procedure of the Uniform Qualifications Scale for first-degree qualification.

HUNGARY

Foreign Policy Briefing: Romania, CSFR, Taiwan, OAS

25000759D Budapest MAGYAR HIRLAP in Hungarian
30 Jun 90 pp 1, 2

[Report by (gyapay): "Petre Roman Wrote a Letter.... What Happened to Those Carried Off?"]

[Text] The response to Prime Minister Petre Roman's letter, the status of joint Hungarian-Czechoslovak research, Hungarian-Chinese relations in light of evolving cooperation with Taiwan—these were the main topics dealt with by foreign ministry spokesman Janos Herman at yesterday's press briefing.

Not too long ago the Romanian head of government wrote a two-page letter to Prime Minister Jozsef Antall, as well as to almost every head of government of the states involved in the Helsinki process, concerning the recent bloody events in Bucharest. Our government does not regard the information as satisfactory, as is attested to by a note handed to a diplomat of the Romanian embassy in Budapest by Foreign Ministry Deputy State Secretary Imre Szokai. The methods used in the tragic Bucharest events and in the course of the Marosvasarhely [Tirgu Mures] pogrom in March are identical in many respects: In both places participants were identified on the basis of videotaped recordings, to be subjected to mass internment thereafter. Our foreign ministry emphatically calls on the Romanian side to fulfill the obligations they accepted. At the same time, the note protests the physical harm done to parliamentary representatives and requests information concerning the fate of a few persons who were carried away. In conclusion the Hungarian Foreign Ministry expressed a preparedness to discuss the above subject matter in the near

future either in Bucharest or in Budapest at the deputy foreign minister or deputy state secretarial level.

Responding to a question, the spokesman said: Hungary is prepared to cooperate. Gyula Horn, the foreign minister of the previous government, visited Bucharest; the recommendations he advanced are valid to date. In regard to a MAGYAR HIRLAP question as to whether progress has been made in regard to the reopening of our consulate in Kolozsvár [Cluj], the spokesman responded with a clear "no."

Spokesman Herman also informed [journalists] that, based on a statement issued by the Foreign Ministry, it would be appropriate to recover documents pertaining to the period between 1945 and 1948 from Czechoslovak archives. These may contribute to keeping the Hungarian public informed about the so-called population exchange, i.e. the background of the Slovak deportations in the aftermath of the war. Experts from the two countries are jointly searching for documents pertaining to the 1956 Hungarian Revolution and to the 1968 military intervention in Czechoslovakia.

The "One China" theory does not rule out the possibility for Hungary to develop appropriate relations with Taiwan, the spokesman said. It is pleasing that in recent times there have been reduced tensions in the Taiwan straits. Our more than four-decades-old relations with China occupy a distinguished place in Hungarian foreign policy. Hungary has adopted the practice followed by a majority of the states in the world: It does not intend to establish interstate relations with Taiwan, but it would not rule out the mutually advantageous development of economic cooperation.

In conclusion the spokesman told the briefing that Foreign Minister Jeszenszky had forwarded a letter to the Organization of American States requesting a permanent observer status for Hungary in that body.

Minister Kadar Echoes Austrian Analogy With Monarchy

90CH0260C Budapest MAGYAR NEMZET
in Hungarian 9 Jun 90 p 9

[Interview with Bela Kadar, minister of international Economic Relations, by Ervin Zsubori; place and date not given: "A Return to the Monarchy? On Bela Kadar's Responsibility, the State's Role, and Foreign Economic Orientation"—first paragraph is MAGYAR NEMZET introduction]

[Text] A successful and concentrated strategy of foreign economy is one of the postulates of our return to Europe, of developing a functioning market economy, and of the unavoidable change of market. The new government

found it so important to coordinate the things to be done in this regard that it created a new portfolio under the name of Ministry of International Economic Relations and asked 56-year-old economist Bela Kadar to head it. After a few years of experience in banking and enterprise management, Kadar dedicated his life during the last quarter century to scientific research.

[Zsubori] Mister Minister, as you said in a statement, a few months ago you still did not know Jozsef Antall personally. What do you think elicited the Prime Minister's trust in you?

[Kadar] I met Jozsef Antall for the first time when the Hid [Bridge] group was formed, and since then he repeatedly solicited my opinion on Hungarian economy and on the development of an effective system of government. I was also able to develop a concept in this regard of the tasks and organization of this portfolio. Obviously, my concepts coincided with his ideas and this is why he chose me.

[Zsubori] Does being a nonpartisan minister in the Antall government mean a special status?

[Kadar] I have not yet noticed anything of this sort but, to be frank, I did not have the time to examine my position from such a viewpoint.

"Researcher's Nightmares"

[Zsubori] As former director of the Institute of Planned Economy, which is considered one of the Planning Office's support institutions, do you feel a kind of responsibility for the mistaken decisions of the recent past?

[Kadar] The Institution's role was limited to providing some ammunition for the ideologization of various questions of power. I emphasized already two years ago, when I was installed as director, that the research institute, free of any ties with the past, must keep, in my opinion, the country's interests in view, and that we would be in opposition against any program that serves other kinds of interests. Those who take the trouble can find numerous critical evaluations of the conditions, and studies that openly criticize government attitude, from the pens of the Institute's members. Not always have these elicited recognition; on the contrary, our thoughts on the sources of pressure or on opening up to the world economy or on foreign economic strategy or on structural renewal were sometimes described outright as "researcher's nightmares" because during those times these thoughts did not fit the concepts of those who demonstrated an attitude that was traditionally loyal to the government or of those who insisted on models taken from foreign technical literature or from the practice of more highly developed countries. Thus, in my opinion, the question of responsibility must not be raised, not even at the level of fantasy. Had there been such a responsibility, I would take it, but there was none. Those who know the relationship between power and research in the past do not even think of such things.

[Zsubori] The Institute of Planned Economy has a rather strong representation in the government. To what extent do you count on the work of your subordinates?

[Kadar] Unfortunately, the members of the Institute are also subject to the draining effects present in the economy: many valuable professionals work somewhere else today. The Institute, already renewed in its practice and attitude, will change in the near future, including in its sign-board, to the Research Institute of Economic Policy, and it will by all means have to be strengthened with outstanding and independent researchers. Every government is in dire need of such researchers, not to speak of a cabinet—if I may strike an ironic chord—that had the honor of being described by part of the press as lacking in intellectual prowess ...

[Zsubori] The portfolio placed under your care did not exist before. What were the arguments for instituting a Ministry of International Economic Relations?

[Kadar] Until now, foreign economic supervision took place within various government organizations although a small country that is sensitive to foreign economy evidently cannot afford the luxury of not presenting a united front in its international relations. This is especially true of us, a moderately developed country that is opening up to the world economy, in which the efficiency of the opening actually determines the success of the entire social and economic development.

Great Leaps Are Dangerous

[Zsubori] But is it possible to handle foreign economy separately from commercial, industrial and financial areas? Will this not mean an increased centralization and state intervention?

[Kadar] Of course, there is no question that the foreign economic processes cannot be separated from production, technical development or finance, but it is necessary, on the other hand, to adapt to world economy according to unified government policies. During the past decades even the necessity of adapting was refuted although a small country cannot exist without it.

[Zsubori] Rumor has it that you are a rather staunch advocate of central intervention. What are your thoughts on this?

[Kadar] Look, everyone is defenseless against rumors. What I usually emphasize is that the role of the state, i.e., the government, is completely different in a country where, as a result of development for several centuries, a fully developed economic automation is functioning and the government can guard the society's interests through delicate means of economic management, and this is quite another story in a country where this automation did not develop. In this case the state must accelerate the development of this automation through active and offensive structural and foreign economic policies. Hungary, being a moderately developed country, is positioned between these two extremes and, in addition, the

removal of the fossils of an institutional system deposited during the past four and a half decades in Hungary cannot be entrusted to spontaneous mechanisms because society would have to pay too high a price for that. This is what my philosophy amounts to, and this is not statism, as some people try to stigmatize me with it. Incidentally, I would caution everyone against making intellectual leaps that are too great and, quoting experiences during trips to Damascus, changing abruptly to classic liberalism after a dogmatism that denied the functions of the marketplace. A country cannot engage in great adventurous leaps of this kind; many a country has come off a loser because of it.

We Must Become a Society of Competition

[Zsubori] A big question on the Hungarian economy now is whether we can change markets without enormous traumas. What do you think the chances of this are?

[Kadar] If we succeed in changing the international picture of Hungary in a positive way through a good foreign economic performance, then this will also be manifest by itself in the form of an influx of foreign—financial, technological and professional—resources. An improvement in foreign economic activity may also increase our import capacity which affects, from the other side, the process of modernization, the development of domestic competition and the decline of shortage economy and monopoly. Thus, foreign economy is now the Archimedean point.

[Zsubori] Evidently not only the picture of ourselves but also our economy must be changed. The Hid group also proclaimed that one key factor is an increase in our competitive export supply. How will this look in practice?

[Kadar] On the one hand, there are foreign economic preconditions for this, that is, we must try to remove the obstacles that hinder the marketing of Hungarian goods. On the other hand, our improved chances in the marketplace must also be exploited, of course, through an increase in the Hungarian economy's competitive export supply, for which, however, resources are needed. We must also try to manage incoming external resources so that they serve this purpose. Third, a change in the entire social atmosphere and public attitude is also necessary, for we must become a "society of competition" in order to hold our ground in international competition.

[Zsubori] A few days ago you spoke during a debate about the necessity for Hungary to think, as if offsetting a West European predominance, in terms of an Italian-Austrian-Croatian-Slovenian, and possibly a Czech and Slovak, orientation; that is, in essence, in terms of moving toward the expanse of the Monarchy.

[Kadar] My opinion has not changed a bit since then. In my perception, European history is returning to a more normal course of development after a special detour of four and a half, or seven decades. In essence, Hungary's margin extended during the past millennium to the area

mentioned in your question; this is where the ties on which we must build today had developed. The Danube-Adriatic cooperation in which the countries of this area have significant interests, in my opinion, will also be promoted by the portfolio I am heading. We must come to understand that the Monarchy was a formation in Europe that also reflected natural interests; we can draw from it even today.

[Zsubori] No doubt a West European orientation is not any less important. Does the Ministry subscribe to the often heard principle of establishing good relations with the Common Market?

[Kadar] The European Community is a world economic power and a small Central European country cannot afford not to try to integrate by any means into such an extensive international system of relations. Hungary, because of its location, is embedded in European trade and this cannot be offset by any overseas relations. Talks serving rapprochement will begin in the near future, and we hope to sign a so-called special agreement of association by early next year which may pave the way for us to a full membership status by the turn of the millennium.

[Zsubori] Has the Ministry already been formed?

[Kadar] For the time being, we established those work groups which examine how the spheres of authority are defined. We need time for this. We are in the phase of preparation.

[Zsubori] One more question in closing. You participated in working out the Grosz government's three-year program of stabilization, and the Nemeth government also made good use of your advice. Are you possibly the one who represents continuity in Hungarian economic policy?

[Kadar] I doubt very much that the idea of considering a political-outsider economist as a carrier of political continuity, and of assigning any kind of a task to such a person—me—has ever occurred to Jozsef Antall. Those who read the technical literature will know that for a quarter of a century, since I have been published, I have been representing the same technical line and, at the most, only emphases and topics have been changing during these times. My views have also been put to good use recently by certain political forces striving for improvement. Of course, it is another question how certain isolated excerpts—as strange bodies—were able to play a progressive and decisive role, but I can hardly believe that this could have been any kind of a continuity-carrying role, for my political place in Hungary has never been perceptible.

Economic Policy: Opposition Comments

90CH0249A Budapest FIGYELO in Hungarian
31 May 90 p 5

[Interviews with economist Attila Karoly Soos, SZDSZ [Association of Free Democrats] representative,

chairman of the Budget, Taxation, and Finance Committee; and with Laszlo Urban, FIDESZ [Association of Democratic Youth] economic expert; by correspondent Gabor Karsai; place and date not given: "Opinions from the Association of Free Democrats and Association of Democratic Youth"—first paragraph is FIGYELO introduction]

[Text] Gabor Karsai questioned two economists who are members of opposition parties, Attila Karoly Soos, Association of Free Democrats (SZDSZ) representative and chairman of Parliament's Budget, Taxation, and Finance Committee, and Laszlo Urban, economic expert with the Association of Democratic Youth (FIDESZ), about the guiding principles of the government's program which was approved last week.

Contrary Goals

[Karsai] The anti-inflation policy sketched out in the guiding principles of the government's program bears a fair resemblance to the material contained in the SZDSZ flyer entitled "There is a Way Out!", the one that was disseminated during the election campaign and which many people at the time labeled demagogic. What do you feel now, did they steal your program or is the SZDSZ now accusing the government of demagoguery?

[Soos] As I have said on other occasions, there is no copyright in politics. Stealing a program is fair play and, moreover, the person who is robbed can't do anything but be happy. It's a separate issue to what extent this anti-inflation program can be realized. Circumstances could develop—an example is trade conducted with the Soviet Union—so that it becomes totally impossible. But even given relatively favorable external conditions, pushing inflation back down into the single digits within three years presupposes a kind of strict economic policy that isn't apparent in the government's program. In addition, this program contains many of the types of pledges that increase budgetary expenditures and run counter to decreasing inflation. Besides, in my view the Hungarian Democratic Forum (MDF) fears the growth of unemployment, which is understandable of course, but taking on unemployment is an organic part of an anti-inflation policy. It is hardly an accident that the program does not mention the number of unemployed people that can be expected, either. So the anti-inflation policy is not well established. For example, the price-increase effect from devaluations and decreases in subsidies has not been taken into consideration.

[Karsai] What are the areas in which the government will be praised and which are the ones for which it will be criticized?

[Soos] All the problems that have been brought up by us also figure in the government program, so the only questions are what kind of weight will they be given and to what extent will they be taken seriously. For example, regarding privatization, earlier the MDF judged us to be too radical. Now they are forecasting a change which is paced faster than ours and which will depend to a large

extent on foreign capital. We will support them on this. But we already oppose their idea, an unfortunate one which contradicts their earlier plan, of reexamining a portion of the privatization actions carried out up to now, particularly if this includes the interests of foreign capital.

The government, according to its program, wants to initiate bankruptcy proceedings against 40 to 50 enterprises that are functioning very poorly. However, the legal regulation only allows this in the event that the enterprises concerned did not pay any taxes. And voluntary liquidation proceedings could drag on for years. So I believe it would be a better solution to place the enterprises concerned under a state-administration authority—"renationalization"—and have them sold off later. This would give an impetus to the privatization process, increase the influx of foreign capital, and also lighten the burden on the judicial organizations which are still inexperienced with bankruptcy procedures.

I see the issue of land as completely fluid. At the committee hearings it came out that the MDF is at least as sharply opposed to the land policy of the Smallholders' Party as we are. This could undermine the stability of the coalition and could bring about an uncertain situation within agriculture.

[Karsai] Will the SZDSZ primarily seek the role of critic or be active in working out alternative proposals on economic issues?

[Soos] We want to be initiators and activists. We stand for defending the social values of the population, but if the MDF is going to keep putting off unpopular measures because of the upcoming elections of local authorities in a way that jeopardizes the state of the country, we will condemn that, too.

[Karsai] And so it could turn out then that the opposition itself will be demanding steps that "exploit the people"?

[Soos] Yes, and just the opposite, too. We have always considered ourselves to be the party of sober deliberation, and we want to remain that way in the future, too.

Six Weeks of Plagiarizing

[Karsai] During the parliamentary debate Viktor Orban characterized Jozsef Antall's program as an incoherent collection of pronouncements that enumerated both facts and wishes. What did FIDESZ really expect from the government program?

[Urban] That it not be an election program containing only attractive promises. In essence, the program submitted by the prime minister promises something for every group in society. Although in the short term it's certain that restructuring will have its losers, the program should have addressed this in a concrete manner, if only for the government to rightfully defend itself. Instead continual, unfounded promises are what are characteristic, while no word has been mentioned of the

financial resources needed, for example, for education and health expenditures and raising minimum subsistence wages. And on top of this, they have even held out the prospect of a tax cut.

There is no great difference between the general economic-policy concepts of the various parties, the Blue Ribbon Commission, and the Bridge group. Aside from a few trade union circles, no one has proposed a Keynesian revitalization strategy, and aside from a few International Monetary Fund experts, no one is an enthusiast of shock therapy. That's why it's incomprehensible that instead of the MDF refining and fleshing out its own earlier program, it has spent the past six months cutting and pasting together different studies. During this time, however, it has not succeeded in bringing a unified organizing principle into force. We did not call the prime minister to account for some program that was to be buttressed by detailed calculations—that would have been an excessive demand because of the change in system taking place. Instead we called for a unified strategy that could be brought into harmony with its own goals.

[Karsai] To what extent do you agree with the ranking assigned to the economic policy objectives in the government's program?

[Urban] By the way that the ideas in the program were linked together, one can sense that the last one in it, so to speak, the carrying out of payment obligations, was given prominence by its direct juxtaposition with governmental responsibility. It isn't clearly stated that the various goals in part can only be achieved at each other's expense and which one the government will view as more important in the case of a conflict. For example, if we want to achieve an ability to pay by squeezing out the maximum amount of assets as accounted in convertible currency, that runs counter to constructing a market economy, because for that size of export even the production of the large money-losing enterprises will be needed. Besides, our own concept is that sustaining our ability to pay will depend on obtaining revolving credit time after time. But at the time when these credits are granted, the international world of finance will set more store by institutional changes—for example privatization and the liquidation of money-losing enterprises—than by our overstraining to produce large export assets. It could be that the authors of the government's program are thinking along these lines, and they just aren't being explicit about it.

We believe that the anti-inflation policy is very important, but the only thing in it we understand is keeping price increases from getting out of hand. Forcing price hikes down below 10 percent within a three-year timespan does not seem realistic.

The government's program does not deal with monetary policy. Actually this is a step above its earlier declarations which brandished restrictions like someone

cracking a whip. And at the same time a request for revitalization measures to follow the period of transition was kept in the program.

It isn't clear where the resources for this will come from. The Hungarian National Bank, being independent of the government and responsible for a strong forint, will obviously conduct a restrictive policy while the government wants to save money on budgetary expenditures. Presumably they are counting on an extremely significant influx of foreign capital, and in view of the MDF's concepts up to now, one of astonishing proportions.

In the program there is also a reference to "the international resources which will be released shortly." We don't know what this refers to; it could be they know about some promises made abroad that we do not. But at the same time, for example, foreign capital could be frightened off by the prospect of social restructuring being reconsidered to some extent, if this affects foreign interests as well.

[Karsai] What is your opinion of the projected pace of the changes?

[Urban] The government program did make a distinction between short-term actions and a long-term plan, but it remains vague on the timetable for numerous steps. For example, the proportion of the state sector to the whole: forcing that figure down below 30 percent within five years would imply a breakneck tempo, but it isn't clear what qualifies as privatization.

This vagueness is characteristic of the entire program. So whether or not we will support or go against the government on certain specific issues I cannot say as yet. Their lack of conceptualization, however, favors the latter course.

State Funding of Parties, Feasibility of Control Challenged

*90CH0252A Budapest FIGYELO in Hungarian
31 May 90 p 8*

[Article by Emilia Sebok: "Party Game Using the ASZ [State Audit Office]"]

[Text] The central State Audit Office has assigned only four people to overseeing the operation of the several hundred billion forint strong Social Insurance Fund, and put only six inspectors in control of the privatization of state property, which has been estimated to be worth about 2,000 billion forints. At the same time, it also has six people watching over the finances of our political parties which altogether amount to not more than 1 billion forints. This number is a good reflection of how "developed" our democracy is.

Albeit in different ways, the developed capitalist democracies also provide state support to their various political parties; they do so because it is in the state's interest to

ensure domestic political stability, a fundamental characteristic of which is intense "partisanship." Through their representatives, the parties can claim a share of the power of the state, and using political means they can influence its actions. So in our country it is also not feasible to expect parties to function without financial assistance from the state, especially now that we are on

the threshold of having a multiparty system, no matter how many people may think that it would be a good idea. The parties must, however, learn to become more and more self-sufficient. They will probably soon realize this, as the elections have completely exhausted the parties' resources, and new state assistance is not expected until sometime in the future.

State Assistance to Parties

Party Name	1989	Based on Membership	For the Elections
		In Million Of Forints	
Agrarian Union	—	10.0	6.6
Democratic Youth League of Felegyhaza	—	—	0.0
Alliance of Young Democrats	4.0	7.0	7.3
Independent Smallholders', Farm Workers' and Civic Party	15.0	15.0	9.3
Independent Republican Party	—	2.0	—
Independent Hungarian Democratic Party	6.0	7.0	0.2
Independent Social Democratic Party	—	2.0	0.1
Patriotic Election Coalition	—	2.0	8.4
People of the East Party, Christian Democrats	—	4.0	0.0
Christian Democratic People's Party	4.0	4.0	7.1
Alliance of Christian Democrats	—	2.0	0.1
Hungarian Democratic Forum	15.0	15.0	9.6
Hungarian Democratic Christian Party	—	2.0	—
Hungarian Workers' Democratic Center Party	—	—	0.0
Hungarian Independence Party	4.0	4.0	0.2
Hungarian Humanists' Party	—	2.0	—
Hungarian Liberal People's Party	2.0	4.0	—
Hungarian Liberal Party	—	2.0	—
Hungarian National Christian Democratic Workers' Party	0.2	—	—
Hungarian National Party	—	2.0	—
Hungarian People's Party	10.0	10.0	4.8
Hungarian October Party	—	2.0	—
Alliance of Hungarian Political Prisoners	8.0	15.0	0.1
Hungarian Radical Party	1.3	6.8	—
Gyor Organization of the Hungarian Republican Party	—	2.0	—
Hungarian Alliance for Freedom	—	2.0	—
Hungarian Socialist Workers Party	—	15.0	7.6
Hungarian Socialist Party	—	15.0	9.5
Hungarian Gypsies' Social Democratic Party	—	10.0	0.0
Social Democratic Party of Hungary	15.0	10.0	6.7
Hungarian Cooperative and Agrarian Party	—	2.0	0.3
Green Party of Hungary	2.0	2.0	0.8
Ferenc Munnich Society	8.0	—	—
Generations Party	—	2.0	0.0
National Smallholders' and Civic Party	—	4.0	0.7
Alliance of Free Democrats	7.0	10.0	9.5
Freedom Party	—	2.0	0.3

State Assistance to Parties (Continued)

Party Name	1989	Based on Membership	For the Elections
In Million Of Forints			
Holy Crown Society	—	—	0.1
Social Democratic Party	—	7.0	—
Alliance for the Village, the Countryside	—	2.0	0.1
Alliance for the Protection of the Environment and Society	—	2.0	0.0
Regional Democratic Youth Organization	—	—	—
New Hungarian Justice Party	—	7.0	
Entrepreneurs' Party	—	10.0	4.3
Voks Humana Movement	—	2.0	—

Note: We have used the figure 0.0 to indicate state support of 50,000 forints or less.

Nowhere in the world do auditing offices scrutinize the finances of political parties with the kind of regularity and thoroughness that has been prescribed in our country. As in the case of the restrictions imposed on the parties' freedom to manage their own affairs, this may also be attributed to initial suspicions and inexperience. At this moment in history when the party-state and its instrument of control, the Central People's Control Committee have already left the scene, but when references to party operations still only evoke images of the MSZMP [Hungarian Socialist Workers' Party], an entity which claimed to be above the law, overinsurance and overregulation are natural phenomena. And since the law governing the financial affairs of the parties is much more the result of the agreements worked out at the trilateral political conciliation talks than of expert legislative work mindful also of the problem of verifiability, there will be plenty of problems regarding interpretation and the practical implementation of administrative controls.

Haste

This control function has come under the ASZ virtually by default, after it had been told that the parties would also be receiving state assistance. As it turns out, however, from the law defining the role of the audit office, it must also watch over parties that are not receiving any state funds. And when the rules of control were laid down, probably few people predicted that a party-founding fever would break out, and that some 60 organizations would register themselves as parties, of which—owing to the results of the elections—10 were qualified to receive budgetary assistance. Reality, therefore, is quite different from the fiction on the basis of which party management and the control mechanism overseeing it are described in the law.

Similar problems are expected to arise in the case of most laws that were adopted during the legislative high season of the second half of last year as most new laws were adopted on the basis of party interests and compromises, hastily put into final form by specialized experts. And the closer the old parliamentary system came to an end, the stronger the influence of the party became in

influencing the wording of new laws. The new parliamentary parties, therefore, will soon have to face the fact that the body of law they had fought so hard for with their own interests in mind, will become completely or partially inviable, or under the best of circumstances unsuited for life. But let us get back to the relationship between the Audit Office and the parties.

Writing off...

The reason why public opinion is particularly critical when it comes to the financial affairs of parties is because all of them had received a normative share of the budget on the basis of the membership figures they had reported leading up to the elections. This infuriated people for a couple of reasons: first, because anyone with a little resourcefulness could easily come up with 10 people just by including family members to qualify them for the minimum assistance of 2 million forints. Secondly, the fact that the reported membership numbers could not be verified, also ruffled many feathers. Moreover, the National Assembly resolution has "magnanimously" left it up to the Audit Office to decide how the declarations will be overseen, and what steps will be taken to enforce possible sanctions. Given the fact, however, that many parties have not been keeping easily traceable membership records, and that the party law does not give the Audit Office such powers, it is virtually impossible to verify the reported membership figures. And it is downright contrary to the role and mandate of the Audit Office to impose sanctions on parties that had submitted false membership information. As much as many people's sense of justice may dictate sending the Audit Office out to the parties in order to verify their membership figures, and to demand a refund of state subsidies from those who had inflated their figures, it would be impossible to take such an action. Besides, there is no sense in putting the ASZ into a position right at the outset where it would be forced to discredit itself by undertaking insolvable tasks that are contrary to the existing conditions, for nothing else could result from such an attempt. According to the leaders of the agency, it would be simpler to accept, and to once and for all write off the 340 million forints paid out by the budget

before the elections last year and early this year, as one of the startup costs of building a multiparty, democratic parliamentary system. Let this amount be the most a democratic systems change will ever cost us!

Never again, however, or at least not as long as the existing law governing the operation and financial management of parties remains in force, will political parties be given access to budgetary funds on the basis of membership quotas. Until the next elections, the amount of state funds parties will be entitled to will be determined on the basis of their performance in the last elections. Newly forming parties, or parties that will have gained strength in the meantime, will not be able to count on state assistance.

The purity of political life is also affected by the wealth and financial management of the parties overall, not only by the way they put state assistance to use. This is why the slightly inconsistent provisions of the law have been understood by the Audit Office to mean that it is their duty to ensure that the parties manage their finances legally. The public has a right to know whether or not those finances are in legal order, hence it is from this point of view that one must look at how state assistance is being used. And if the Audit Office determines that a party's financial affairs are shaky, that it has gotten involved in questionable deals, and that on top of it all how they have spent the money they received from the state cannot even be traced, then—since ASZ reports its findings to parliament—this does not put the party in question in a positive light. Party leaders implicated in scandals, or state leaders identified with a party under scrutiny, may have their very existence at stake with the surfacing of financial improprieties. All of this can have far-reaching consequences. This is how, to the electorate, the issue of political credibility ties in with the legality of financial management.

What Is Unnecessary

The public is impatient. In a typical reaction to decades of uncontrolled-uncontrollable financial dealings on the part of the single state party, followed by the payment of head money to parties that could easily be turned into individual incomes, many would like to see the Audit Office applying the strictest possible controls in constantly and closely overseeing every party. This, however, is not only technically impossible and costly, but also unnecessary. Besides, people will no longer demand it once the parties begin to function as real parties are supposed to, and once they develop a system of management that reflects their own interests (in which the Audit Office has already offered to assist). For by then the intra- and inter-party mechanisms of control will be already in place, and the voters' expectations of the Audit Office will be closer to what its intended function had been in the first place: to serve as an overseer of executive power and the government.

Intelligence Chief Interviewed: Changed Orientation

90CH0261A Budapest MAGYAR NEMZET
in Hungarian 9 Jun 90 p 8

[Interview with Dr. Istvan Dercze, director general of the intelligence collection service, by correspondent Peter Balla; place and date not given: "Hanging Out a New Shingle; The Codification Omitted Intelligence Collection"]

[Text] According to Pierre Boule, the ostensible spiritual integrity of the human race will stretch to the point that most people will view as despicable all others who contrive to appear different from what they really are. This statement is especially true for intelligence agents, practitioners of one of the most ancient of professions, especially when it isn't customary to question the justification for intelligence collection in spite of certain moral qualms.

Throughout the world a beneficent murkiness covers the invisible activities of spies and covert services, but in Hungary in past decades—corresponding to the spirit of the times—secrets have somehow seemed even more mystical and forbidding. Owing to the Duna-gate [word coined from Watergate: refers to the Hungarian Ministry of Interior phone-tapping scandal of 1989] affair, public opinion has obtained information about the secret services, but intelligence collection was totally omitted in the large-scale disclosures, last but not least because it had absolutely nothing to do with the acts of manipulation mixed up in that maelstrom. Still, the Duna-gate affair counts as a milestone in the history of intelligence gathering in our country: the evasive pursuits upon which kid-glove treatment had for so long been bestowed, carried out by the practitioners of "the craft of the great and the mighty," would hardly have materialized without this scandal. With the breakup of the state security apparatus came the establishment in February 1990 of the Information Office as an independent organization.

No Picture of the Adversary

We asked Colonel Dr. Istvan Dercze, director general of the service dealing with intelligence collection, not just about the justification for intelligence collection: in addition to other things, we also wanted to get answers to how the orientation of intelligence gathering has changed and whether it was an honorable thing to be a spy today in Hungary.

[Balla] Today, on the threshold of the 21st century, when even the data on a person's documentation papers can be made out with the aid of satellites, when mass communications spew out the greatest variety of news in an abundance never before experienced, isn't the importance of collecting intelligence by the use of secret tools and methods decreasing? What does the human factor amount to in the process of obtaining information?

At the end of the sixties when the dominance of technological tools in intelligence collection became noticeable in an extraordinary way, one or another of the covert services of the West after long analysis finally came to the conclusion that not everything could be solved even by technological tools, and moreover that this "handiness" could in a given case be the cause of serious mistakes. That is to say, machinery and technical equipment can be fooled and misled relatively easily, not to mention the great number of publications in the world, a portion of which inevitably contain untrue data or which simply serve the goals of disinformation.

Human beings are indispensable in the selection and evaluation of information and for weeding out invalid items, or as the Anglo-Saxon terminology puts it: intelligent human activity (note: followed by original English "human intelligence activity").

[Balla] For decades the party-state regarded "the West" as the number one military, political, and ideological target. Does any kind of picture of the adversary currently exist, or is intelligence collection in reality an emotionally neutral, professional "specialized work"?

[Dercze] As a consequence of the old image of the adversary the emotional component in the activity of intelligence gathering was quite a bit more than desired, to the detriment of the professional factors. Nowadays no picture of the adversary exists at all, but our work still has an emotional aspect to it which is to be strengthened. And this is the link to the nation and the homeland.

Agreements Lost Their Meaning

[Balla] Previously the general secretary of the Hungarian Socialist Workers' Party was the customer for the information collected by all of you, and now and in the future it is the coalition government. How much free rein is given to the service in intelligence collection with regard to the details and the methods of going about it?

[Dercze] In my opinion it will be the administration's task every time to direct the work of the service and to specify the main areas of focus and the scope of the issues. The daily work and the practical techniques of information collection are, however, matters of specialization and within them free rein is needed for intelligence collection so that it can take place—precisely for the purpose of getting good results. The foreign policy, foreign trade, and security policy goals of the administration and the priorities have been openly declared and are recognizable, although naturally they may change from time to time. The orientation of intelligence collection does not deviate from this. It is of key importance when preparing political decisions that the administration know where and by whom our foreign policy efforts are being hindered abroad, and whether these barriers can be overcome. In other words, where are the limits to the realization of foreign policy. One must also be clear on what kind of image is taking shape abroad about the country and the steps we have both taken and planned in foreign policy, foreign economic issues, and security

policy. For those involved, naturally, intelligence collection supplies more than just the basics for these things, at the very least it contributes items of information that have been collected by unique and special tools. And, above and beyond the interests of the organization, the essence of our efforts is to get the intelligence collection data and information to the political decisionmakers in time and without making transpositions. The one and only real guarantee that intelligence collection can be taken seriously is if we walk out onto the political stage with credible, well-analyzed information. ...

[Balla] Our homeland currently is a member of the Warsaw Pact. We have separate interests, however, not just within our relationship to Romania. Has the Information Office extended its cooperation to all the Central- and East-European states where marked and very tangible national interests of ours can be found?

[Dercze] As far as the Warsaw Pact is concerned, at present we have total freedom of action, and when I say that I mean primarily in foreign policy and not in intelligence collection. The agreements that the Hungarian Ministry of Interior entered into with the socialist countries have not only gone out of force, they have also lost their meaning. Not to mention that since we came into existence in February 1990 as an independent organization, we therefore are not a party to these agreements either, in the legal sense. In my opinion it's a different matter if in the future we have to establish some type of relationship as partners on an equal footing with the Soviet Union and the states with whom we may have common goals on certain issues. And it also follows from all this that in any area where our opposing interests come to the fore, we must collect information now and in the future, regardless of the societal makeup of that country.

[Balla] One result of the legislation—something which did not escape political emotionalism "oozing its way" into it—that followed the Duna-gate affair is Law No. X of 1990. Even transitionally it still has not solved the dilemmas associated with secret means and methods. In your opinion—and keeping in mind the interests of intelligence collection—how long is it possible to wait for a comprehensive national security law?

[Dercze] One thing is certain: the current regulations are crippling our work immensely because the legal regulation is preventive in focus, and in the course of codifying the law, somehow intelligence collection was forgotten. Naturally the guarantees protecting the rights of the citizenry are very important, but intelligence collection, given its nature, is directed exclusively outside the country. From a professional viewpoint—barring any greater mishaps—we will tolerate this situation for a few months at the very most.

We would like to have the national security law, in taking into account the special considerations that intelligence collection has, specify realistic timeframes for the application of secret means and methods. At all costs the

current regulation must be dropped that specifies: If the utilization of the secret means did not produce a result, the individual who was under surveillance must be informed that observation took place.

Cannot Be Neglected for the Time Being

[Balla] Which are the greatest hazards and which are the least for a collector of intelligence in his job? Are the material rewards proportionate to the difficulties, the extraordinary strain on the nerves, the exhaustion, and the worries about readjustment?

[Dercze] I'd like to start by saying that the Information Office, and before it the intelligence collection subdepartment directorate of the Ministry of the Interior, has fortunately not been able to post many unsuccessful cases—washouts—on its books during the past decades. As far as the causes of that kind of fiasco are concerned, despite the greatest caution and professional expertise, a certain risk cannot be excluded if only for the reason that in the covert service of every country a department exists whose work it is to frustrate the lives of the intelligence collectors. Of course, if the failure can be traced back to some type of more serious professional error or deficiency, this will naturally have an effect on the intelligence collector's future career. The material rewards are not proportionate to the "investments" that you mentioned; they can't be called better or worse than what holds in Hungary today for, I'll say, the rewards received by a highly trained civil servant. The greatest hazard in the work of an intelligence collector (I am thinking of the possible loss of cover) might be the long-term loss of freedom, as a punishment, during peacetime.

[Balla] I understand that a total of two countries in Europe, Finland and Austria, have said no to maintaining a separate intelligence collection apparatus. Does Hungary in its present economic situation have the need for intelligence collection?

[Dercze] During the past weeks this question has been raised many times by the politicians. Nowadays intelligence collection cannot be neglected not only because of the geographic and geopolitical situation of the country, but also because of the goals formulated in foreign policy. One should not forget in connection with this that as long as the Warsaw Pact has been operating, albeit sometimes better and sometimes worse, our homeland has enjoyed a certain protection. Naturally, if a comprehensive security system is established on this continent and international treaties guarantee our independence and our sovereignty, then one can envision that intelligence collection will not be necessary.

Census Bureau Now Part of Interior Ministry

90CH0260A Budapest *MAGYAR NEMZET*
in Hungarian 8 Jun 90 p 3

[MTI [Hungarian Telegraph Agency] report: "Census Bureau Is Overseen By Interior Minister: Report on the Meeting of the Council of Ministers"]

[Text] (MTI) Report of the Government Spokesman's Main Department of the Council of Ministers:

The Council of Ministers held a meeting on Thursday which in the absence of Prime Minister Jozsef Antall was chaired by Interior Minister Balazs Horvath.

The Council of Ministers accepted a bill, to be presented to the National Assembly, on extending the mandates of judiciary people's judges. The bill is connected with the extension of the mandates of council members and, in case the bill will be passed, the mandates of people's judges will continue until 31 December 1990.

The Council of Ministers passed a decision to place the State Census Bureau under the supervision of the interior minister, and it amended its earlier resolution on certain questions in connection with regulating the status according to the labor law of elected council officers. The government resolution regulating office space management in Budapest has also been amended, justifying the structural changes in central management. These decisions will also be published in the official newspaper *MAGYAR KOZLONY* [Hungarian Gazette].

The Council of Ministers, acknowledging his services, relieved Deputy Defense Minister Ferenc Szombathelyi of his post; at the recommendation of the Hungarian Academy of Sciences it appointed Istvan Lang as Secretary General and Arpad Csurgay as Deputy Secretary General of the Hungarian Academy of Sciences.

MSZP Newspaper Publisher To Be Under Government Supervision

90CH0260B Budapest *MAGYAR NEMZET*
in Hungarian 8 Jun 90 p 3

[MTI [Hungarian Telegraph Agency] report: "The Newspaper Publishing Enterprise Will Be Under State Supervision"]

[Text] (MTI) According to the news agency's information, the government will decide at its next meeting on placing the Newspaper Publishing Enterprise [NPE] under state supervision. The Hungarian Socialist Party [HSP], inheriting the assets of the former state party, this year offered the NPE to the state.

As a result of talks between the HSP and the NPE, the legal status of former HSWP newspapers was clarified at the beginning of the year. The HSP retained its ownership of a few theoretical periodicals (*TARSADALMI SZEMLE* [Social Review], *KRITIKA* [Critics], *VILAGOSSAG* [Light]) and the *VASARNAPI HIREK* [Sunday News]. The HSP continues to put the NPE in charge of publishing the former periodicals, but the weekly paper, which has a large circulation, will be published by a newly formed company. The new company and the party will be coowners of the *FIGYELO* [Observer] and—for the time being—the *ESTI HIRLAP* [Evening News]. The NPE is now exclusive proprietor of

the MAGYARORSZAG [Hungary], the LUDAS MATYI and the PEST MEGYEI HIRLAP [Pest Megye News].

Former NPE director Ferenc Vagner has retired and now manages the publishing company as acting director. If the government decides to place the NPE under state supervision, it can then also appoint its new director.

The Association of Hungarian Newspaper Publishers is calling public attention again to the unsettled conditions in the Hungarian newspaper publishing industry. It is encouraging that the Presidium of the Hungarian Socialist Party wishes to settle the future of publishing companies and newspapers under its ownership. The Association and the HSP stand on common ground regarding the basic questions of privatization, for the Hungarian publishing industry is in need of foreign capital—with an acceptable share of proprietorship. Appropriately, the development of press monopolies must be prevented. This is why the Association is urging the National Assembly to have an appropriate committee review, as soon as possible, the business deals of Axel Springer Budapest Ltd., which exploit the political atmosphere and involve seven county newspapers.

In view of the lack of parliamentary decisions on transforming the publishing companies, the Alliance is in complete agreement with the restraint-of-alienation ruling. However, it considers a complete suspension of exploratory and preliminary talks related to privatisation unacceptable, for this would also diminish interest in capital investment.

The parliamentary committee, which reviews the processes of privatizing the printed and electronic press, set its agenda at its 7 June 1990 meeting and decided on the following day's agenda. In this meeting the committee will give the directors of the Newspaper Publishing Enterprise and the Pallas Newspaper Publishing Enterprise, the HSP's finance director, and an editor's representative of the VAS NEPE [People of Vas Megye] a public hearing.

POLAND

Socialist Party Leader on Party Activities, Political Climate

90EP0701A Warsaw TYGODNIK SOLIDARNOSC
in Polish No 23, 8 Jun 90 p 11

[Interview with Grzegorz Ilka, chairman, Provisional National Committee of the Polish Socialist Party [TKK-PPS] by Wojciech Gielzynski; place and date not given: "The Volcano Is Already Smoldering"]

[Text] [Gielzynski] What is this "third" PPS [Polish Socialist Party], situated between Lipski's PPS [Polish

Socialist Party] and the PPS-RD [Polish Socialist Party-Democratic Revolution] of Ikonowicz? How do you differ from your neighbors? Will you attain PPS unity, the creation of a union of an authentic noncommunist left?

[Ilka] Our organization is quite odd, for it groups together people in two age groups: roughly speaking, those below 30 and those over 60. Thus, we have young people who have emerged from the underground and the elderly, who still remember the "real PPS." There is no middle; the people of the Solidarity generation are active in citizens committees rather than in political parties. It is not ideological or programmatic principles that differentiate us from Lipski's PPS, but the practical aspects of our activity. Moreover, even this difference is becoming less significant and it will probably disappear following the self-government elections. During the course of the election campaign, a tremendous rapprochement took place with the PPS-RD. Following this experiment, small parties with much in common will join ranks to survive and to enter the parliamentary elections with greater strength. Even now one may already speak of various organizations of freedom-oriented socialists in Poland rather than of various political directions.

[Gielzynski] Then when will you unite and who will be at the head? Lipski?

[Ilka] Perhaps this fall. Preparatory work for the congress is underway. The PPS abroad has a decisive share in these preparations. Lipski is a man closely associated with the ethos of the left who has been tested both by his sacrificial help for the Radom workers after 1976 and by his magnificent demeanor in the striking Ursus plant after martial law was announced.

[Gielzynski] Do you see Lipski at the head of a united PPS?

[Ilka] The congress will decide that.

[Gielzynski] But you do not exclude the possibility?

[Ilka] I do not exclude it.

[Gielzynski] Let us move on to the present time. How do you assess the current situation in Poland?

[Ilka] At present this situation is marked by two indicators: the railroad workers strike and the result of the self-government elections. The poor turnout indicates that the majority of society is still passive and does not subscribe to the policy of the Mazowiecki government, or more specifically, the Balcerowicz government. The stagnation into which society fell during the mid-1980's continues; following a phase of the resurgence of pro-society attitudes during the period of the "first Solidarity," an attitude of internal emigration spread. A brief Renaissance took place during last year's elections, but these moods since flagged, and people think that they still have little say. These moods were expressed in the banner of the NZS [Independent Association of Students] demonstration before the Sejm: "Down with the

commune." In this banner the word "commune" was printed in "Gdansk Gothic" and the banner was decorated with a red-and-white flag. In my opinion, this is just how the situation is viewed by that part of society which did not take part in the elections: for them only a change of elites has occurred.

As for the railroad workers strike, even if it was provoked, manipulated by the old nomenklatura system and the like, nothing is changing. In 1988, we could have manipulated until death, and no strikes would have occurred if moods which led to the strikes did not exist in society. Today, the situation is simply that some people, and this includes significant communities among society, are on the verge of exhaustion and will explode.

[Gielzynski] Will the PPS-TKK [Provisional National Committee of the Polish Socialist Party] help them?

[Ilka] Yes, but according to the rules presented by Kuron when he spoke of his former activity. We will not support the wage demands of individual groups, for this obviously will cause a recurrence of inflation on a still larger scale and will lead to an economic catastrophe, but we will explain to the people that political changes leading to a change of economic strategy are necessary.

Society's passivity in the elections plus the explosive tensions show that the government's economic policy is on its last legs. The monetaristic program for curbing inflation (which, besides, was called forth by the government itself last year through the re-evaluation of prices, which practically destroyed the middle class) has already reached an end. Poland now needs a program for battling not inflation, but recession.

[Gielzynski] The liberals are saying more or less the same thing. But they attack Balcerowicz on the flank opposite that of the socialists: they would like immediately an "ideally free" market and the elimination of the role of the state, while the PPS is not renouncing either a certain amount of interventionism or the protection of the most highly neglected social classes.

[Ilka] That is true. But in spite of it, we agree with the liberals on a basic point: the most important thing right now is an increase in production and not the stifling of production. If there is nothing to distribute, we will have nothing to fight about with the liberals.

[Gielzynski] But, after all, Mazowiecki and Balcerowicz do not like the recession either, and thus they have recognized the elimination of inflation to be a priority without which Poland will not receive any aid from the West. Without such aid, no recovery program will succeed, regardless of the theory that defines the program.

[Ilka] And yet we cannot base Poland's development on the demands of the International Monetary Fund; even if we stabilize the economy in accordance with monetarist theories, we will have hit society so hard that it will not be able to bear the pain, and it will explode in

anarchistic rage. I think that such an explosion is dangerously near. We are heading in the direction of Korea where a volcano is already smoldering and rumbling. In Poland we already have a 30-percent production decline and spreading unemployment which will soon be mass unemployment. On the other hand, we are now seeing the final strangulation by a tight money and fiscal policy of the middle class that first of all lost its savings (which could have been used as capital) to inflation and then saw liquidated its small production and services plants.

[Gielzynski] At least the queues have disappeared.

[Ilka] They will appear again if the rate of production does not pick up and earnings grow, for people will force them into existence by strikes.

[Gielzynski] This leads me to conclude that you are in favor of the slogan "accelerate".

[Ilka] We are in a situation which was created a year ago: a trade union assumed the role of the ruling party. This led to the emancipation, on the base of the structures and ethos of Solidarity, of the citizens committee movement, from which at least several large political groups could strike out. It is known that within this movement a very clear political fragmentation exists. But from the outside, from the party's side, this movement is taken as another "leading force of the people"—let us say a sort of new Nonparty Bloc for Cooperation with the Government. I am not going to go into the fact that a great mass of people from the "fourth brigade," as it was called before the war, attached themselves to the citizens committee movement. These were primarily people from the former communist establishment who are saving their seats in the citizens committees. It is a very unhealthy phenomenon. For this reason the slogan of acceleration, i.e., the pluralization of political life, is very apropos at this moment. When an omnipotent and, practically speaking, uncontrollable monolithic bloc exists, the situation leads to all sorts of degenerations.

[Gielzynski] One can counter this by saying that since this bloc exists, we should not take offense at reality. Evidently, despite the fact that Solidarity is having internal squabbles, society has more faith in Solidarity than in all the new party creations or pseudo-parties. The self-government elections have clearly shown this to be true. [Ilka] Not completely. If we eliminate those who did not take part in the elections and those who voted for all other lists, it turns out that the committee movement plus the Solidarity organization enjoy the trust of only about one-third of Poles. While the Solidarity-citizens committee movement continues to enjoy a monopoly in the governing sphere, the movement is losing the support of society. This loss of society's support is real even though society has still not found an attractive alternative to the Solidarity-citizens committee movement. In my opinion, since they block all discussion by their control of the basic mass media, the committee movement and Solidarity in its political function must be

blamed for preventing society from finding an alternative. A "communications barrier" exists for the new parties. However, this barrier will not prevent the process of differentiation from taking place. In various areas of the country significant forces are already appearing. These forces will gradually replace citizens committees. There is no reason to be afraid of this, since the adherents of the "old order" cannot count on more than ten percent support of the electorate.

[Gielzynski] Do you not think that the considerable dispersion of political forces will create a situation of permanent government instability? And that in such a situation a presidential system of the French type may be desired? And who should be president in such a situation?

[Ilka] To the degree that Walesa preserves the option to which he has pledged himself—the pluralistic option—and, taking into account his remarkable sense of society's moods as well as his ability to separate himself from people whom he once advanced and who are now acting contrary to society's moods, he is the only possible candidate right now, I think. And I expect a major political break after the parliamentary elections—the process of merging the scores of parties that now exist will be a lengthy one. There will be no opportunity to create a stable government. The strangest coalitions will arise. For this reason the presidential system may turn out to be necessary in order for the government to function.

[Gielzynski] In conclusion: what is your opinion of the more and more frequent statements that no left-wing element has any chance at all left in Poland?

[Ilka] The left is as old as people's dreams about freedom and justice, and it is just as indestructible. On the other hand, the words "left" and "socialism" have both experienced a slump after decades of their appropriation by the communists. But the leftist manner of thinking, the ethos of the left, exists and is continually becoming crystallized anew. I am completely at peace about the future of the independence-oriented, democratic left, which obviously does not want and will not have anything in common with the postcommunist remains, the so-called "social democrats," with these remnants of totalitarian authority. They are no left, but a surviving form of nomenklatura, which will crumble and wither. It will likewise be a left which has nothing in common with the present "secular left," which constitutes the basis of the present Nonparty Bloc for Cooperation with the Government. The new left will arise from solid prewar traditions and from the anticommunist resistance movement, which has its roots in Solidarity.

[Gielzynski] If you delay too long in forming this new, united democratic left, will not the consciousness that the SdRP [Social Democracy of the Polish Republic] is, as you have said, the "remains of totalitarianism" disappear from the human memory. And will not this loss

of memory give the SdRP the opportunity to seize upon the "anger of the people," which Walesa has warned about?

[Ilka] There is that danger. But here is a consoling thought: the railroad workers strikes began ending at the very moment that Miodowicz started to support them.

YUGOSLAVIA

Bosnian Serbs Urged To Be More Politically Active

90BA0218B Belgrade NIN in Serbo-Croatian 29 Jun 90
pp 22-23

[Article by Radovan B. Karadzic: "Not Even Boycott of Elections Ruled Out"]

[Text] The political situation of Serbs in Bosnia-Herzegovina is very sensitive. State bodies and official policy in Bosnia-Herzegovina have acted "asymmetrically" for decades at the expense of Serbs. Now, as a result of that, meetings of Croatian and Moslem political organizations are issuing statements and announcements that are ominous for Serbs, concerning, among other things, "the just struggle for the human dignity and freedom of the Croatian and Moslem peoples and of all people," in which Serbs are seen as either outside, or on the other side of that "just struggle."

Serbs become angry at any indication of a Croatian-Moslem coalition, although it was established de facto when Mikulic and Pozderac came to power. Through many years of deliberate action by politics and the news media, the Serbian and Moslem masses were set against each other, a Serbian peril was invented for the Moslems, Moslem intellectuals close to Serbs were subjected to various pressures, and the myth of Serbian-Moslem antagonism and Croatian-Moslem harmony was invented. Although in a minority, the combative and Serbophobic orientation among Moslems became dominant over the Serbophile and neutral orientations—as if people had forgotten the tragic consequences of the previous coalition, for which everyone paid with their lives, and especially the Moslems and Serbs.

The truth about the attitude of Serbs toward Moslems in Bosnia-Herzegovina is considerably different from the stereotype created in recent decades. For the Serbs here, the cultural and political trends among Moslems are not a subject of particular concern or caution, if they are not Serbophobic and anti-Yugoslav. There is not one serious Serb who would deny or acknowledge Moslems' national and cultural identity, or any other rights, because no serious person considers himself competent to do so. Not even the announcement of obligations under Moslem religious law (which would naturally apply only to those Moslems who accepted them) has elicited a reaction from Serbs. That is a good basis for living together, without any national coalitions.

The newly created Moslem organizations and their champions are accusing the postwar Moslems in power of betraying national interests. Those Moslems in power were certainly not elected by Serbs, who are themselves dissatisfied with their postwar representatives. A joke is circulating that "Out of malice, we voted for the worst of their candidates, and they voted for the worst of ours." If there is any truth at all in this, then the Serbs, Moslems, and Croats have all been represented by the worst personnel, and so in these new times at least that will be corrected.

It is true that since Mikulic and Pozderac came to power, Serbian personnel have been appointed in their staffs, according to special criteria. Without real representatives in power, the Serbs were left without influence upon cultural policy and social life. One cannot even tell from the Sarajevo media that a large number of Serbian scientists and artists of Yugoslav and world significance are living and working in Bosnia-Herzegovina; they are spiritual exiles, who are recognized only outside of their own area. The Serbian masses in villages and smaller towns feel themselves to be neutralized and endangered, without full rights to their own culture, which until recently was in doubt, without contacts with their own intelligentsia, which, intimidated, has avoided all national, cultural, and political activity.

Obedying the law, which although unconstitutional is still in force, the Serbs in Bosnia-Herzegovina are delaying their political organization. In the meantime, the Moslems have several political organizations, and parties from Croatia are developing their own political activity which will probably be made official. It seems that the Serbs are left with voting for the Socialists and Communists, and that, as in Croatia, they are left without an adequate number of real representatives in power. Such an asymmetry, and the lack of reciprocity, are dangerous to the development of democracy, and thus to civil peace in Bosnia-Herzegovina, because the gentlemen from the Croatian and Moslem parties would be left without real counterparts on the Serbian side, without which no political task can be carried out in Bosnia-Herzegovina.

"Superannuated Serbs"

Although it is already late, during the next two-three months the Serbs in Bosnia-Herzegovina have to complete a tremendous job.

The renewal of the activity of the Prosvjeta [Education] Cultural Society, which has been backed by an imposing number of Serbian intellectuals, is a fait accompli. Traditionally, Serbs react painfully and with resistance to any division of joint institutions, but in the case of Prosvjeta, they acted with complete maturity. The logic that prevailed was that all activities that would be promoted better in joint institutions should remain in joint institutions, but that those that would be handled better in separate national ones should be placed in separate national institutions.

The political organization is just beginning, and so the question is whether the Serbs will be ready for the upcoming elections, or ask to have them postponed. Not even a boycott of the elections is being ruled out. Their own party

is about to be formed, with its headquarters in Sarajevo, and probably with the name of the Independent Democratic Party, perhaps even with a national designation. The party's program will be very similar to the programs of the existing parties with a similar name in Yugoslavia and Bosnia-Herzegovina, some of which will probably join the new party. The party will be formed mostly by young and uncompromised people. Although the present Serbian representatives in republic and federal bodies are viewed with dissatisfaction, the dominant opinion is nevertheless that they are mostly honest people, who worked in difficult and unequal conditions, and whose experience will be welcomed by the new party. A different view, however, is being taken of the so-called superannuated Serbs, nationally alienated students of the Kumrovac university and the Brioni practicum, whom the Serbs in Bosnia-Herzegovina will no longer permit to represent them anywhere.

Resistance to the Serbian cultural and political revival in Bosnia-Herzegovina is not expected from either the Croatian or the Moslem parties, with whose leaders almost anything can be talked about, but rather precisely from these "superannuated Serbs," who will no longer be able to make a living from their national identity, while selling the interests of their people for positions on the personnel lists. It is from that resistance that the people will recognize the "superannuated Serbs" and deny them the authority to represent them anymore. Fortunately, there are not many Serbs like that.

The Serbs are considering the establishment of a committee for the prevention of genocide, analogous to Filipovic's Forum for the protection of the national and cultural rights of Moslems; it would operate within the framework of the future party, and, as its founders hope, it will not have much work to do. Other parties would also be represented on the committee, within the framework of interparty cooperation to eliminate disagreements.

Time for Action

The renewal of Prosvjeta's work and the establishment of the Serbs' own party are creating the conditions for surmounting the stagnation in the cultural and political development of Serbs in Bosnia-Herzegovina, a stagnation that has resulted from various manipulations, lies, and abuses from the period of "unity" and "togetherness." Today, with aggressive intolerance, the "joint media" are attempting to intimidate and discredit journalists of Serbian nationality who have not slung mud at their own people.

The Serbs in Bosnia-Herzegovina cannot allow themselves to lag behind in anything that the times are bringing. No one else, no matter who it is, can be allowed to guarantee Serbs' national and civil freedoms. The Serbs themselves must be the guarantors of their own security and freedom, and in these times and in these regions, appropriate institutions are needed for that.

INTRABLOC

Hostility Toward Soviet Forces in GDR Cited

90GE0221A Hamburg DER SPIEGEL in German
No 29, 16 Jul 90 pp 28-34, 36

[Unattributed article: "They Are the First To Leave"]

[Text] "I'll be back, sometime later this year," the Russian woman says in almost unaccented German to the German civilians who bid her goodbye. Her tone of voice does not betray hope as much as defiance. In the past few days she has found far too often that Soviet citizens are reasonably well liked in the GDR only once they are on their way home. Hostility in the once fraternal socialist GDR which is rapidly on its way to becoming the class enemy has injured the Russian soul.

Tatyana, the wife of an officer stationed in Jueterbog who would rather not tell us her last name, is waiting on the station platform in the little town of Wuensdorf inside the restricted military zone. She is waiting with her son and a pile of luggage for the express train to Moscow to leave.

A 28-hour train ride separates her from three months leave in her home town. For the officer's wife who works in a school for soldiers' children it is her second stay in the GDR. Two years of her husband's five-year assignment are over. Up to now, Tatyana had no trouble figuring out conditions inside the socialist part of Germany. "Life in the GDR still is good for us," she says. "But it has gotten worse." She often asks herself how much longer they will stay.

The withdrawal of Soviet troops from the East European glaxis has long since begun. The recently interrupted withdrawal from the GDR will no doubt recommence soon.

Increasing hostility against the Soviets among the people steps up the pressure. The "Russians Get Out" graffiti on barracks walls are showing up all over the country.

On 6 July, Rainer Eppelmann, the GDR defense minister, first made mention of acts of violence against the Soviet military. The altercations did not escalate, he said, because the officers took the precaution of "taking their men's weapons away from them."

There is scarcely a Soviet military man who can imagine Soviet divisions staying on in a reunified Germany belonging to NATO. The contrast between the sorry life of the communist-drilled crack units and the temptations of the Western consumer economy would be too striking.

The Kremlin's German contingent, the mightiest ever to be stationed on enemy soil in peacetime, is facing a crisis. For decades, the West trembled in fear of the shock troops of world communism. NATO armies worth billions kept watch along the Iron Curtain to prevent the feared breakthrough of the Red armies to the Atlantic.

Only a few months after the upheaval in East Europe that fear has disappeared. Even the cold warriors among the strategists of the Western alliance are hard put to make out threats that would justify further arms buildups.

Now, even the flexible response doctrine is to be scrapped, i.e. the threat of early first use of nuclear warheads against an aggressor merely employing conventional weapons. In the future, nuclear weapons will only be used as a last resort. Moscow's elite troops in the GDR no longer pose a genuine threat.

Forty-five years ago, Joseph Stalin's victorious Red Army pursued the German invaders all the way back to the Reich—but at what cost: 27 million Soviet citizens lost their lives in the fight against Hitler's invasion army. Since that time, the victory in the Great Patriotic War has been a pivotal event in Soviet history and has placed its stamp on the consciousness of the generations.

Stalin capped his triumph over fascism by having the Red Army occupy the capital of the German Reich. The memory of that event—the Soviet memorial in Berlin-Treptow—was recreated earlier this year at the Moscow victory parade on 9 May as a tableau vivant. The procession was preceded by a gigantic Red Army soldier in his greatcoat carrying a little girl in his arms.

Rising out of the ashes of the war, the huge Red empire developed into a world power—militarily equal to the West; even morally superior because of its supposedly more humane ideology and well on its way materially—or at least that is what the propagandists maintained—to outstripping the capitalists in terms of prosperity. In the space of a few years that facade collapsed.

The socialist crisis economy fell further and further behind in worldwide competition—slipping down to the status of Upper Volta cum missiles, as Helmut Schmidt once put it. Now the safety zone, the belt of forcibly allied nations which was to protect the Soviet empire against the West, the most important achievement to come out of World War II in the eyes of Soviet strategists, is beginning to dissolve. In the aftermath of the bloody world war carnage and the devastation of large sections of their homeland, the Soviets had vowed that never again would a war be fought on their soil.

This is the principal reason why Moscow moved its armies so far forward into its Western glaxis and why it has suppressed the desire for independence of its satellite republics in such a bloody manner. As the communist superiority mania collapsed, this military-strategic foundation collapsed as well. "The Warsaw Pact has disintegrated to all intents and purposes," NATO Secretary General Manfred Woerner has said.

By the middle of 1991, all Soviet troops are to be withdrawn from Hungary and the CSFR. In Poland, too, a legal basis no longer exists for the stationing of Soviet

troops. Their presence is tolerated by the Poles because of their fears of the demands a reunited Germany might make.

In the eastern part of Germany the largest expeditionary corps the Soviets maintain abroad is stationed, i.e. 363,000 men, complete with tanks, nuclear missiles and long-range bombers.

Now, however, the five crack armies are faced with a desperate situation. They are to protect a country which has filed for bankruptcy and is switching sides to join the former enemy. And—the vital life lines to the homeland run through Poland, still another breakaway nation.

What is more, the Soviet soldiers and their 200,000 dependents and civilian employees have been exposed to the temptations of a capitalist market economy since 1 July which stands in even more marked contrast to the misery back home. In the formerly fraternal GDR, the Soviets are now also exposed to the hatred of a people which directs its newly found self-confidence after decades of oppression principally against the "Russian occupiers."

Nowhere is this new atmosphere more in evidence than in Wuensdorf, some 30 kilometers outside the Berlin city limits. In summer, the small town on Grosser Wuensdorfer See with its 3,000 inhabitants, houses 6,000 vacationers. It is also the site of the headquarters of the Western group of the Soviet Forces in the GDR. Although "the Russians are not saying exactly how many men there are," Dieter Linke, 40, the mayor of Wuensdorf says, he believes it must be "15,000 to 20,000." The quarters are sufficiently large to house 70,000 men, civilian personnel included.

This imbalance between Russians and Germans has almost caused the collapse of goods and services in the town. During the weeks preceding 1 July, the Soviets all but stormed the only supermarket in Wuensdorf day after day.

"They buy whatever they can get," says Eva-Maria Muenzner, the deputy mayor of Wuensdorf. A 14-day supply of noodles was gone in a matter of 4 hours. They did not buy it up for their own use but to feed people back home. "Our goods went to the Soviet Union by the container load," Linke says.

Four days prior to the currency union, the town council put a stop to it. When requests and complaints to the Soviet command proved of no avail, Linke locked the Russian customers out of the stores on short notice.

Until then, no one had ever dared face down the Soviets in the GDR in this way. The mayor himself, an SED member in office for the past nine years, posted himself in front of the supermarket, saying, "I'm on guard here," and turned back the Soviets as they advanced on the store with plastic shopping bags and travelling cases in their hands.

As a result, the indignant Russian women jeered the oldtime SED man and called him a fascist. At times, the Russians even riled their host by giving him the Nazi salute. "If this does not stop, things might soon turn violent," one young Wuensdorf resident told the mayor

Linke, who has been married to a Russian woman since last May, could see no other way out. "I feel sorry for the Soviets," he says, "but I also have to protect our citizens."

The Wuensdorfers were particularly incensed about the fact that the Soviet garrison command called a halt to sales at its own four "Basar" stores as the currency union drew near. They did this, says Deputy Mayor Muenzner, although their stockrooms were bulging and goods "which we had been unable to buy for the past 40 years" were displayed in the windows.

Demand increased in particularly dramatic fashion because of an astonishing increase in the number of Soviet civilians. Linke says that their number has increased fivefold since 1989.

A fairly large number of the officers who had been sent home returned to Wuensdorf soon thereafter as civilian employees, thereby adding to the rolls of the service brigade at the headquarters. Where they had two stokers before, they now have ten. It is "an underground work force," according to Linke.

There are more civilian employees coming in all the time. Muenzner calls them "civilis." To alleviate food shortages back home, Soviet officers are now permitted to invite even distant relatives to the GDR for long visits.

For another thing, Wuensdorf has become a kind of way station for the Soviet withdrawal operation. "Whenever units leave Hungary or the CSFR, the number of civilians here tends to grow," says the owner of a beer garden near the Wuensdorf railroad station. Which is why graffiti reading "Russian Civilians Go Home" have appeared in German and Cyrillic script along Ahornstrasse which leads to the supermarket.

Dozens of Soviet families frequently camp out at the "Russian station," as the locals call the modern station which was built diagonally across from the old and dilapidated one as a gift from the SED.

Sometimes the transients stand in line for days for their train reservations on the Wuensdorf-Moscow Express which leaves every morning, noon and afternoon. Russians tired of waiting have even blocked the tracks at times as a way of getting on the trains.

At times, nearby residents took pity on the waiting Russians and pitched tents for them. In the meantime, German workers have told of seeing entire tent cities inside the huge military compound.

While they wait, the transients who longer have access to the supermarket make their purchases at the KdW or

Kaufhaus der Wuensdorfer [Wuensdorf Department Store]. "They don't just buy one pair of shoes; they buy 10 pairs at a time," Muenzner says.

Even in those locations where the stores were not emptied out by the Soviets, people are getting more and more annoyed with the "friends" who have lived among them like occupiers for decades. When the previously ubiquitous Stasi could no longer squelch criticism of the onetime fraternal nation after the upheaval, civil movements in opposition to Soviet power began forming all over the country.

"Things we previously thought possible only in the West, e.g. protests against low-level overflights or demands calling for the halt of all military exercises, are now part of the everyday life of Soviet troops in the GDR," a Radio Moscow commentator said.

Demonstrations in Neuruppin against the "infernal noise" made by the Soviet helicopter regiment located on the edge of town; protest marches in Schwerin against the noise caused by low-level overflights throughout the day and night; countrywide complaints against damage caused by Soviet tanks during maneuvers.

The region south of Berlin where a great many troops and training areas are located is particularly hard hit. A 50-page white paper prepared by environmentalists for the GDR Government protests against "the unacceptable threat to and endangerment caused by the Heidehof and Forst Zinna troop training areas."

Almost all the buildings along Liessener Strasse in the town of Stuelpe on the edge of the Heidehof firing range "have been hit by shell and bomb fragments since 1983." But nothing changed even after Stasi officials who checked on the civilian complaints "came under direct fire and had to run for cover"

Five days after the crash of a MiG-27 fighter bomber on 22 January in the vicinity of Petkus, Soviet air force officers were called to account for the incident in the course of "the first demonstration in the town in 40 years," MAERKISCHE VOLKSSTIMME reported.irate citizens demanded an "environment free from airplane noise, the thunder of cannons and fear of crashing aircraft."

On 1 February, the town council of Neuhof sent a letter of protest to the GDR council of ministers which read in part: "During the nights of 9 and 10 January our community was mistaken for a firing range. Tracer bullets! Submachine gun bursts! Pistol shots! Our citizens did not dare look out of their windows! Was there a war on?"

When major exercises are announced, many people living near the firing ranges take the precaution of retreating to their basements. Again and again bored guards fire at tin cans, bottles and street lanterns. There is hardly one sign at the entrance to any town in the military training area that has not been shot full of holes.

During the night of 10 July several Soviet grenades exploded above the town of Zeisholz near Kamenz because the Soviets wanted to counter civil protests in this manner, an activist says.

Lack of discipline and crime have increased dramatically in the Soviet army. Deserters taking hostages, wild drinking bouts and brawls, burglaries and poaching—these are more and more frequent occurrences in the vicinity of the 200 Russian garrisons.

West German international legal experts are already worrying about what is to be done with Soviet deserters. At present, deserters are still being turned over to Soviet military authorities by the People's Police. According to FRG law, however, it would be impossible to do so because the maximum penalty for desertion is death by firing squad.

What is to be done in the future with Soviet soldiers who break the law—as they often do in the GDR by selling whole tank cars full of gasoline on the black market, selling their weapons and equipment, or by getting caught for shoplifting? The Soviets who run their military bases on the basis of extraterritoriality insist on German help in disciplining their troops.

Marshal Dimitri Yazov, the Soviet defense minister, called his officers on the carpet last year at the Wuensdorf headquarters. "There was widespread alcoholism, lawlessness and lack of discipline," among the military, he said. As for the officer corps, it demonstrated a "lack of responsibility."

Yazov repeated his diatribe about the catastrophic situation in the military at the party congress in Moscow in early July but then succumbed to a fainting spell. KOMSOMOLSKAYA PRAVDA published the pertinent facts. Over the past four years, the paper wrote, 15,000 soldiers died while on duty—the same number as in the 10-year Afghan war. Three thousand of these committed suicide to escape the inhuman conditions of military service.

In May, the minister also sent out a control commission to find out how his crack units were bearing up under the temptations of capitalism. The inspectors concluded that the soldiers' political awareness was in urgent need of being raised.

Specific attention was paid to the protection of Soviet installations which had previously been guarded in conjunction with "armed units of the GDR." These days, the Soviets would rather take care of that themselves. But the commission found they did not do a good enough job of it.

The most important item on the agenda, however, was contacts with the GDR population. Beyond the official friendship celebrations, private relations were banned anyway. Anyone caught fraternizing was immediately assigned to an undesirable posting back home.

Contacts with the NVA which used to be the only opportunity for Soviet officers to socialize have also been drastically reduced now on Yazov's orders. The reason given is that the NVA is no longer considered reliable. "Kolya no longer trusts us," a high-ranking NVA officer says. Kolya being the NVA term for Russian soldiers.

Profound rifts in cooperation with the GDR were already in evidence last October. When the East German law enforcement authorities drew up plans for armed action against the demonstrators by the NVA, the Soviet high command called attention to an order by Gorbachev which said that troops were to remain in their barracks and maneuvers and firing exercises were not to take place.

Since that time, Moscow's crack units have isolated themselves. Civilians have almost no access to the far more than 1,000 barracks, depots, airfields, missile bases and training areas scattered throughout the country.

The air corps of the Western group headquartered in Wittstock in Brandenburg has concentrated its divisions in Damgarten, Mirow, Zerbst, Merseburg and Grossenhain. Its bombers and fighters use air bases all over the GDR. The large formations stationed along the border to the FRG, i.e. the 2d Guard Army headquartered in Fuerstenberg on the Havel River, the 3d Assault Army headquartered in Magdeburg and the 3d Guard Army headquartered at Weimar-Nohra have four divisions each. The 1st Guard Tank Army headquartered in Dresden has three divisions.

Two of the original four divisions of the 20th Guard Army around Berlin were unilaterally withdrawn by the Soviets during the past 12 months, as promised by Gorbachev in his December 1988 address to the United Nations. The Kremlin chief intends to discharge 500,000 men in 1990. Some 50,000 of them are expected to come from Eastern Europe.

According to the original disarmament plan the assault army headquartered in Magdeburg was to have given up two of its four tank divisions. Stating, "we have overfulfilled our plans," Soviet government spokesman Gerasimov explained why the Soviets called a halt to their withdrawal from the GDR last May.

The reform governments in Budapest and Prague had succeeded in getting the Soviets to withdraw their entire contingent of 120,000 troops from their two countries, i.e., 70,000 more men than Gorbachev had agreed to withdraw from all of Eastern Europe. The Soviet armies had marched into Hungary in 1956 and into Czechoslovakia in 1968 to put down popular rebellions.

In strict accordance with the agreed upon timetable, troop transports are leaving Czechoslovakia and Hungary for the East on a daily basis. If it were up to the Germans, the 363,000 Soviet troops, their 5,200 tanks and tens of thousands of artillery pieces would follow them as soon as possible.

Lots more has to be shipped out of the country in addition to the combat troops and their weapons, i.e. at least one million tons of ammunition; many millions of liters of fuel; hundreds of thousands of crates of supplies—from felt caps to radio transmitters; from belt buckles to collapsible entrenching tools.

If the Soviets follow their practice in Hungary, to the point of even taking along items that have been bolted down, it will take some 10,000 trains with 50 cars each, according to Western military experts.

Six railroad spurs capable of transferring rolling stock to the Soviet broad gauge tracks are available for the exodus from the GDR. If two trains were to use these tracks every day, "the entire process could be completed in the space of two and one-half years," a NATO supply expert believes.

But where are the hundreds of thousands of men to go? Last May, Soviet general staff officers were already saying that the withdrawal from the GDR was halted because there were no quarters for the returning conscripts and no billets for long-term and career servicemen.

If agreement on a first CFE [Conventional Forces in Europe] treaty can be reached in Vienna by late fall as planned, another 168,000 Soviet soldiers will have to withdraw from Germany because the Americans and the Soviets have agreed that they will henceforth maintain no more than 195,000 troops each in Central Europe.

What is more, the Soviet General Staff would like to station the returning units as close as possible to the now weakened Warsaw Pact frontline for strategic reasons, i.e. in the Western part of the Soviet Union. But Defense Minister Yazov has said that there is a dramatic housing shortage in that region because of the resettlement of thousands of Chernobyl victims. Chancellor Kohl has promised Gorbachev to help build 50,000 apartments.

The long-term and career servicemen discharged from the military face a dim future. They will not only lose their privileges, i.e. inexpensive housing, better food, and shopping opportunities in well-stocked specialty stores. "They will hit rock bottom," a Soviet expert at NATO headquarters in Brussels says. "Twenty thousand officers are already walking the streets." Their families have been taken in by friends or relatives contrary to Yazov's assurances, these officers now have to wait for years for housing just like all other Soviet citizens.

Earlier this month, Yazov was forced to admit that there are serious problems. More than 173,000 individuals in the Soviet Union are currently marking time in temporary lodgings and hotels while they wait for their own apartments. The military must lend a hand in the construction of an additional 440,000 housing units by 1995.

It is certain, however, that the Soviets will withdraw their troops from the GDR, too. But when they do go,

the community of Neuheim has complained to the East Berlin government, the Russians will leave a moonscape behind. The Soviet Army has devastated one-tenth of the GDR's territory with bombs, grenades, tank tracks and engineer bulldozers. The environmentalists' white paper states that sandstorms far beyond the troop training areas are by no means rare because the Russians cut down entire forests with no concern for the consequences.

Without bothering with the complaints of the neighboring communities, Soviet commanders kept on increasing the size of their compounds. Nearby landowners were expropriated on short notice and hardly ever compensated for their losses.

One particular Wuensdorf resident is still fighting for adequate payment for a large section of the woods in which the Western group deployed antiaircraft missiles to protect the headquarters. The reason given to homeowners for years of nonpayment of rent is that they are being charged for house repairs financed from the military budget. As a rule, the homeowners have no way of checking this explanation out.

Moscow's generals had "special hunting preserves" assigned to them and requisitioned choice properties in the nearby vacation resorts. There has been a "Russian beach" along the shores of Grosser Wuensdorfer See for years which is patrolled by heavily armed Soviet guards around the clock.

The Soviets cut off thoroughfares, divided long-standing communities in two and occupied farmland and timberland at will. To get to the nearest doctor's office in Zossen just one kilometer from town, Wuensdorf residents must make a 15-kilometer detour on a winding cobblestone road. The direct, well-paved road, Highway 96, has been closed to Germans since the sixties.

Beyond the scrutiny of passersby the occupiers were able to ruin the environment even more. They dumped their garbage into the woods—even poisonous waste. Untreated sewage from latrines and waste from army pig farms drained into the rivers and lakes and contaminated the ground water. Oil and fuel seeped into the soil by the ton. "Where green grass still grew some years ago," one mayor wrote, "we now have a desert contaminated with fuels and lubricants."

The moonscapes of the training areas are filled with thousands of unexploded shells, mines and remnants of Hitler's gas grenades which were buried on the old Wehrmacht training grounds. "We are in for some unpleasant surprises," says Manfred Mueller, an East Berlin academic who has written a handbook on disarmament.

It is also hard to tell how much care is being exercised by the Red soldiers in dealing with their own chemical weapons. Western intelligence has observed that tank cars filled with chemical agents have recently started to move out of high-security stores where "no sign of

movement had been noted for years." "The filling equipment was probably built back in Adolf's time." Last week, intelligence experts reported that an additional 20,000 tons or more of poison gas are being stored in the GDR—some of it in unsecured, leaking containers.

It is probably a vain hope that the housing shortage in the GDR can be alleviated with the help of the army barracks and officers' billets due to be vacated. The buildings in which the Soviets live behind desolate grey concrete walls or tall, green wooden fences are fairly delapidated. The same holds true for the roughly 34,000 new apartments which the East Berlin government has built for the Soviets at a cost of 1.7 billion East marks since 1967.

Following an check of the available housing, East German officials concluded that "almost all of the properties are totally ruined." Speaking about the condition of the Caecilienhof barracks in Potsdam, a municipal official said: "It has to be torn down, that's all."

If the Soviets have their way, however, the properties turned over to them at no cost are to be sold for a profit. In the course of preliminary talks on a "withdrawal agreement" with the two German states the Soviets made a whole range of demands two of which in particular astounded the German negotiators:

An all-German government would make a binding commitment to maintain the Soviet victory memorials in the GDR in perpetuity.

The cost of restoring the delapidated army barracks and cleaning up the ecological damage the Soviets had caused would be borne by the future owners, i.e. the taxpayers of a reunited Germany.

The 12 March 1957 "agreement between the government of the GDR and the USSR Government on questions in connection with the temporary stationing of Soviet armed forces on the territory of the GDR" does not contain much language on damage repair. The same apparently holds true for almost one dozen additional agreements such as the one governing "the use of facilities and services of various kinds." Demands for compensation in the event of a withdrawal of Soviet forces simply did not enter the negotiators' minds at that time.

The agreements do contain specific language on Soviet privileges:

- use of real estate at no cost;
- special conditions on road and rail traffic;
- approval and use of all communications equipment at no cost, including private telephones and officers' mess TV sets;
- preferential rates for electric power, gas, water as well as garbage removal, heat and chimneysweeping, etc.;
- special discounts on all purchases, from toothpicks to bricks and for all repairs and remodeling.

Until now the GDR paid up to 2.8 billion East marks annually in stationing costs for the Western group to its

Soviet friends. Last year, 662 million marks of this total were paid as outright subsidies to big brother.

The old figures no longer apply now that the currency union has been completed. The payments will henceforth be remitted in Deutschmarks. Under the circumstances, the Bonn treasury will have to come up with DM1.25 billion in stationing costs for the remainder of this year alone.

The members of the Soviet armed forces who used to get most of their pay in East marks will now be getting the coveted West German marks. Klaus Otto, the owner of the "Flotter Otto" beer garden directly opposite the Wuensdorf barracks gate, is relieved.

Until now, three-quarters of his annual sales were paid for by heavy-drinking Russians. Local residents rarely find room at Otto's because the Russians "booze it up day after day."

Under the circumstances, the town's residents are incensed about the boost in the occupiers' purchasing power. They feel betrayed in view of the fact that the Soviets have been making out very well all along.

To boost family income, officers' wives have taken any outside job they could get. They work in laundries; they peel potatoes in the mess halls and clean bones in the Wuensdorf sausage factory. "They will be the first to be fired," SPD [Social Democratic Party of Germany] politician Muenzner says.

Mayor Linke gives the reason why. "Soviet officers earn Dm1,000. That is more than our people get. That is totally unjust."

An elderly Wuensdorf woman who receives the minimum monthly pension of 495 marks simply cannot accept the fact that "these bastards who do no work all day" are paid valuable West German money for it. "I could tear Mr. Kohl limb from limb for that," she says.

HUNGARY

Soviets Bar Entry to Inspection Team

90CH0157A Budapest MAGYAR KOZLONY
in Hungarian 31 May 90 p 4

[Article by (egri): "Szolnok, Soviet Barracks; Inspection Team Barred From Entry"]

[Text] Plans to conduct a preliminary, advance inspection of the buildings of the Soviet barracks in Szolnok prior to the technical transfer of those facilities were thwarted yesterday, as the barrack commanders had not received authorization from the Soviet Southern Army Group Command to permit entry. The members of the Hungarian delegation and the officers of the Soviet barracks on Besenyszogi Street in Szolnok all seemed at a loss yesterday morning, as they stood staring at one

another obtusely. Albeit very politely, asking a thousand apologies, the Soviet soldiers very firmly kept their base closed to curious eyes.

This despite the fact that the initiator of the inspection idea—on the basis of the Hungarian-Soviet agreement—had been the Soviet Army Group itself; they were the ones who had set the preliminary inspection dates for all of their garrison facilities. The transfer of these bases, incidentally, is scheduled to take place as follows: as the first step, the Soviet units will turn over control of the facilities to the Hungarian Army, after which an inter-ministerial committee will decide what to do with them. Local governments—the councils—however, only have until the end of next month to submit in writing what they want to use for their own purposes, and what they wish to forego.

Szolnok is the site of one of the most significant Soviet military garrisons on the Low Plains, complete with a hospital, three barracks, a submachine gun firing range and an ammunition depot.

In some of the barracks there are also a number of apartment buildings, boasting several hundred apartments altogether. So it does indeed matter what the city government wants and how it intends to use it. Naturally, there have already been many suggestions. The swimming pool, the training yard, the workout room and the well-maintained buildings located at the Voros Csillag Street barracks practically cry out to be used for public purposes, especially for student sports. Also something to consider is whether or not some of these buildings could house a boarding school, or perhaps a specialized secondary or vocational training school.

The estate currently occupied by the Besenyszogi Street barracks, which yesterday morning welcomed the city delegation with closed doors, could easily be incorporated into the surrounding residential area. Some of the suggestions received so far recommend turning them into service apartments, school buildings and workshop facilities.

The installation with the most dilapidated buildings is the Jozsef Attila Street barracks, which date back to the end of the last century. This had been the location of the city hussar barracks. Still the area close to downtown can be put to excellent use, as located within reach of it is an industrial vocational training institute with several thousand students.

The Soviet ammunition depot is located directly along the Tisza river, on the flood plain. It was not far from there that a few years ago the city had built an open-air public swimming facility. So in contemplating potential future uses for this area, the decision makers might consider expanding the open-air pool, or establishing a camping or tent ground.

We must add, of course, that these recommendations have been made without the Hungarian authorities having visited these barracks, hence they are subject to

fundamental changes. The delays hindering the flow of information within the Southern Army Group may be reasons for concern as the utilization proposals will have to be finalized by the end of next month. According to Hungarian sources, the above mentioned Szolnok barracks, with the exception of the hospital, will be vacated by the Soviets by September of this year. Also not very reassuring is the fact that, as we have learned in Szolnok on Wednesday, their interpretation of the target dates also differs somewhat from ours.

The residents of the city are interested primarily in the apartments now occupied by Soviet officers and their families: 32 of them in the Szechenyi city district, and 11 on Vosztok Street. These are the apartments that are the most likely to be awarded first by the city council.

Paying for Soviet Military Investments Discussed

*90CH0251B Budapest MAGYAR NEMZET
in Hungarian 9 Jun 90 p 3*

[Article by Dobszay: "Who Paid the Soviet Forces' Bills? Still No Information on Unauthorized Investments"]

[Text] At the Ministry of Defense on Friday [1 Jun 90] morning, reporters were waiting for a press conference to clarify the speculations concerning the Soviet Army's construction projects in Hungary. Several newspapers, including DEBRECENI KRONIKA, had published reports proving that Hungary had paid for the investments of the "troops temporarily stationed in our country." Major General Ferenc Gabor, the [Hungarian] Army's chief of construction and billeting, and Istvan Horvath, the director of the State Development Institute, gave detailed briefings on the Soviet investments. As they told the press conference, the Southern Group of Forces paid for all construction projects—including the construction costs of military buildings and of private housing—from its account maintained with the State Development Bank. A misunderstanding might have arisen from the fact that the Soviet Army could not let any work directly to Hungarian enterprises; it could do so only through the Hungarian state. Thus the Public Investing Enterprise (KOZBER) gave Hungarian firms direct instruction to carry out specific projects. But the principal in every case was the Soviet side, the officials emphasized.

However, it is true that the Hungarian state undertook to pay compensation to the former owners of land expropriated for the Soviet Army's construction projects. Thus in each case the former owners received from a domestic account the compensation to which they were entitled, and the amount of which was set by experts. (Since 1973, the Hungarian state has paid out a total of 338 million forints to former owners for this purpose.) Hungarian taxpayers had to foot the bill also for investments to provide public utilities for the Soviet troops. It was our money that paid for extending water mains, power lines, industrial sidings, etc. as far as the military installations and other buildings. But the "fraternal

army" paid from its own pocket all such investments within the perimeters of the areas it occupied.

Sharp debate is continuing between the two sides on the valuation of the buildings and housing units that are to be transferred. Hungarian experts estimate that the Soviet-financed properties, which are now to be transferred to Hungary, are worth 10 billion forints. But Soviet experts set the value at 50 billion forints. The 40-billion-forint discrepancy stems from differences of opinion between the two sets of experts regarding the utility value of the buildings and their state of repair. The Soviet military installations and housing units conform rather loosely to Hungarian standards, and they can hardly be worth as much as Hungarian buildings. (Several housing units share a single core with plumbing; and buildings assembled from components prefabricated at the Kiev home-building plant can hardly be termed suitable for permanent use.) Incidentally, most of the housing units were built without Hungary's knowledge: from among the 17,000 "housing units" that have been catalogued for transfer to Hungary, the Ministry of Defense knew of only 5,300. And data are still lacking about the other "unauthorized construction projects."

All this suggests that talks on ironing out the details are by no means nearing their end. But the officials reassured the reporters that the withdrawal of Soviet troops and the settlement of the mentioned economic matters were not linked in any way, and that neither side would force a final solution.

POLAND

New Emphasis on Role of Tradition in Army Reported

*90EP0699A Warsaw ZOLNIERZ
RZECZYPOSPOLITEJ in Polish 21 Jun 90 pp 1, 3*

[Interview with Dr. Janusz Odziemkowski, advisor to the deputy minister of national defense for educational affairs, by Tadeusz Mitek: "The Dormant Power of Traditions"]

[Text] We discussed the role of traditions in military education and building the ethics of the armed forces with advisor to the deputy minister of national defense for educational affairs Dr. Janusz Odziemkowski.

[Mitek] The role of traditions has never been negated in the system of military education; however, we agreed before our conversation that a completely new approach to this topic is at issue...

[Odziemkowski] It is new primarily due to the quite selective and altogether poor interpretation of traditions in recent decades. It emphasized plots or historical characters which were interpreted in a lopsided manner, while those which were not ideologically functional were relegated to oblivion. Despite the gradual departure

from this one-sidedness, the consequences of impoverishment in terms of the impact of traditions appear quite pronounced.

[Mitek] Therefore, we are talking not only about a broader historical extent of invoking traditions but also a qualitatively new use of it in educational practice.

[Odziemkowski] Of course, this scope of issues is very broad—awakening and fostering respect for service in the armed forces, the ties of the armed forces with the people, and their multi-faceted history. Education in the tradition of Polish arms, which molds national, civic, and patriotic awareness, has always been a very valuable ethical and state-promoting factor in the Polish army.

This function of traditions is not getting weaker at present. After all, it is exactly through instilling respect for traditions and pride in them that the young people may be won over for the armed forces and the feeling of the value of service may be inculcated. This also includes the issue of awakening the attachment to one's own unit and garrison which at one time integrated so powerfully the communities of soldiers and cadres.

[Mitek] However, it does not appear that the automatic replication of old models could be applied in this instance. The function of the army in the state, the status of general education, and cultural and civilization aspirations of the young generation are different from those before the war. Likewise, following certain historic experiences, educational authority is considerably harder to establish, including the authority invoking traditions.

[Odziemkowski] Any emulation or literal transplantation of old formulas is out of the question. Undoubtedly, both the army and society are now different. The officer is no longer "mister" lieutenant or captain who impressed soldiers drafted from some godforsaken village by his very uniform and service position, and whose opinion was an unquestionable oracle. At present, more modern forms of influence are necessary, which certainly demand more of military commanders and educators.

However, we should remember that respect for traditions, be they those of the entire people or local, one's own, as in, for example, regimental colors, drew together and raised the morale of not only "common" soldiers but also the military intelligentsia, the subordinates, and superiors. A great many worthy, exceptionally heroic deeds were accomplished in 1939 specifically to protect the honor of the colors. This was, among other things, the result of education based on traditions.

[Mitek] Therefore, let us specify that at issue are not merely symbols, for example, emblems or the names of patrons and characters from the national pantheon displayed in small units but the setup of an entire educational system.

[Odziemkowski] At issue is building unadulterated traditions into every element of the cycle of military training, into all structures of service life in the barracks,

as well as life outside of the service, and interpersonal relations. Soldiers and officers should feel that they carry forth certain values, that their unit is anchored in its social milieu, the history of a city, local history, and traditions of the garrison.

Let us, for example, imagine that a regiment is called "the Lowicz regiment," that it builds on the traditions of national-liberation battles fought in the area or in the vicinity of where the regiment is now stationed. At present, there are no such connections. Meanwhile, they would anchor the unit in the local community and would integrate it with the region. From my various meetings, I know that at present the interest of the young people in history is tremendous. I see this as an opportunity for the system of military education.

[Mitek] You have proposed a certain name for a regiment. Undoubtedly, changes in names and patrons will occur. Does this not give rise to the apprehension that this process may assume the form of a campaign or even opportunism which is always ambiguous from the point of view of education?

[Odziemkowski] This would be a bad and unneeded phenomenon. I believe that military units should not rediscover their traditions in conjunction with recommendations or some imperious instructions but rather do it spontaneously, go to their historic and local roots, look for forbears from the period of the 2d Republic, from the September campaign, from the time of the national-liberation struggle, as well as from the times before the partitions of Poland with their beautiful, nightly traditions.

The initiative belongs to those who are themselves interested. Certainly, every regiment has its own patriots and people with a passion for history even now. Circles of the amateurs of regimental traditions may emerge. Many publications will appear shortly which will be helpful in the course of historic searches.

[Mitek] In your opinion, are career military personnel prepared for the systemic—as we mentioned—incorporation of national traditions in the entire course of service? This cannot be the role of only a group of aficionados.

[Odziemkowski] I believe that to a considerable degree they are prepared. However, military educational establishments and schools of all types should certainly treat these issues more broadly. The cadres should know all traditions in all of their aspects and should understand the need for them. You cannot develop from a moral or civic standpoint without being attached to traditions. This is a great educational opportunity. Tapping this potential and releasing it from the once ideologically restricted patterns is in the interest of commanders. A feeling of dignity for the uniform one wears and conscious military discipline may be built on this potential.

[Mitek] Thank you for the interview. Perhaps, it will open a broader exchange of opinions on the topics we

have touched upon. What do those to whom your remarks were addressed think?

Computer Simulation Use in War Games Reported

90EP0699B Warsaw ZOLNIERZ
RZECZYPOSPOLITEJ in Polish 25 Jun 90 pp 4-5

[Unattributed article in "Opinions" section: "War Games and Computers"]

[Text] Recently, the Chair of Operations Art of the General Staff Academy of the Polish Armed Forces organized and conducted the first bilateral command exercise with elements of a computer game in the Polish Armed Forces in search of more efficient forms and methods of instruction. I would like to discuss the most significant assumptions of this exercise due to the qualitatively new value of this type of exercise, as well as the great interest in it, including on the part of numerous foreign delegations which have recently visited the academy.

Thus, in the most general sense, immediate computer aid for directing the course of a bilateral war game by providing a running simulation of decisions successively made by the two training sides is the essence of this new form of instruction which may also be fully used in the tactical and operational training of commands and staffs. Therefore, simplifying it, we might say that this is a war game combined with a continuous computer comparison of decisions.

A trainee makes a decision which is submitted in the form of tasks for executors to the computer center directing the war game, in which they compared by using computer simulation. Subsequently, the actions of the parties proceed in keeping with the results of simulation. Every response of one of the parties in the form of partial (successive) decisions is taken into account in the process of simulation in real time and is reflected accordingly in the further course of action. In this manner, the war game develops in keeping with the decisions of the training parties.

Holding an exercise in this manner has many practical consequences in terms of organization and substance which should be taken into account; without knowing them in depth, no sensible statements can be made about the exercise itself, to say nothing of making unequivocal judgmental evaluations proceeding only from simple analogies with exercises to date. An exercise with elements of a computer game is not just a new name; this is also a new quality which cannot be measured by the old yardstick. Let us look at some peculiarities of this exercise.

First of all, the role of the exercise controller changes essentially compared to bilateral exercises conducted by traditional methods. The extent of developing operational (tactical) scenarios by the scenario group is markedly reduced. In principle, the task of the group boils

down to preparing an adequately interesting initial situation which gives roughly even chances to accomplish their tasks to both sides. As soon as an exercise begins, the development of the operational (tactical) situation depends for the most part only on the trainees, though the controllers may, of course, respond to the course of actions by giving additional tasks, allotting additional forces or means of reinforcement or support, and so on, which, however, is not recommended. From this point of view, the situations and operational (tactical) problems which appear in the course of the game depend on the types of decisions of the trainees. This is why, for example, these issues cannot be precisely outlined ahead of time at briefings and instruction sessions for the controllers of the exercise. Expecting this means looking at a new quality from the angle of the experience of traditional exercises.

A significant change in the role of almost all functional individuals in the control group of the game is clearly seen in the case of the functions of an umpire. Among other things, he can no longer dwell on the evaluation of the substance of the decisions made because they are verified in the course of a computer comparison with the decisions of the opposite side. By way of simplification, we may say that the umpire should be somewhat of a "guardian" of the established rules of the game. In this case, listening to the analysis of decisions, justification, and the evaluation of their substance by the umpire (exercise controller), which used to be the heart of traditional exercises, has no reason for existence. The computer takes over for the umpire in this regard.

In turn, this change in the tasks of umpires in the dynamics of actions influences decisively a change in the role of the critique of the exercise. It necessitates pondering the content of the discussion and looking for new forms, methods, and ways of conducting it which are in line with the properties of computer exercises. A traditional discussion of the course of actions with grades given for solutions to problems occurring in individual operational and tactical situations does not appear to be the best solution in this case. The nature of an exercise incorporating the elements of a computer game indicates the need for a somewhat different approach.

First of all, there is no need to tell the trainees in such a discussion which of their decisions were good or bad, which gave them an opportunity to win and which did not. After all, they have felt the consequences of their decisions in dynamics, and, therefore, they know when they have won and which engagement or battle they have lost. On the other hand, it is necessary, to my mind, to look for the causes of victories or defeats and attempt to discover the rules, regularities, and principles of military art due to observing which victories have been won, or the departure from which has brought about a defeat.

In this sense, we may also say that in these very types of exercises discussions should be theoretical rather than practical. The practical issues which have to be resolved by umpires in traditional war games and have to be

evaluated in the critique by the controller of an exercise are demonstrated to the trainees directly by the operational (tactical) consequences of their decisions. In turn, the discussion should provide an opportunity for intellectual reflections on the most fundamental, universal, reasons for this particular cause of events which also apply to other similar situations and conditions. It would also be good for these reflections to be rather like a natural conversation, consideration, and analysis rather than the communication (reading) of unequivocal messages.

It is also worthwhile to stress that preliminary experience indicates considerable instructional and substantive value in exercises performed with elements of computerized war games. At the same time, they pose increasing requirements for the cadre of instructors, their methodological skills, and operational and tactical knowledge. First of all, it is necessary for all to understand the new quality of this kind of exercise in order to avoid simplified evaluations and judgments which sometimes occur. It is also a necessary condition for the further improvement of the organization and conduct of such war games.

Defense Ministry Proposes Contractual Service by Needed Professions

90EP0702A Warsaw ZOLNIERZ
RZECZYPOSPOLITEJ in Polish 27 Jun 90 pp 1, 3

[Interview with Colonel Andrzej Niewiadomski, main legal specialist, Department of Personnel, Ministry of National Defense, by Lt. Colonel Longin Szczerba; place and date not given: "Career and Contract Service"]

[Text] [Szczerba] Colonel, it has long been said in our community that the law on the service of career military personnel does not conform very well to actuality and contemporary realities of life. Likewise, those more knowledgeable about planned amendments did not conceal their pessimism as to the fact that new regulations are going to be stricter. However...

[Niewiadomski] ...nothing of the kind has happened. To the contrary, the new proposal clearly meets the expectations of our community and includes many arrangements which have not been used to date in the army, at least not to this extent.

After all, on the one hand, we refer to our own experiences and proposals made in the course of an extensive consultation, while, on the other hand, consider other pragmatic laws which apply in the West, and not only in the West.

Perhaps, anticipating the next question, I will say that the new assumptions stress: First, performing professional service in the interest of the people and the state, second, its competitiveness with other professions, third, a detailed and clear definition of duties and rights, and, fourth, the equality of parties to a service relationship.

[Szczerba] What does the equality of parties mean?

[Niewiadomski] Among other things, this means the right to dissolve the service relationship after definite notice by both the serviceman and the armed forces. I suggest that we return to this in our conversation.

[Szczerba] Colonel, contract service is gaining an increasing number of supporters, and not only in the army. How has this proposal been treated?

[Niewiadomski] We proposed to envisage in the new law the performance of service in two forms, career and contract service. There are many changes in these matters which I think might be of interest to many. Therefore, let us explain the interpretation of career service first.

It would be identical with professional service. It would be performed by the graduates of academies, higher officer schools, and ensign and noncommissioned officer schools which train candidates for career servicemen. At this point, I will make the following remark. Draftees who are graduates of vocational schools would be admitted to noncommissioned officer schools in which instruction lasts about one year.

Reserve noncommissioned officers and graduates of the centers of junior specialists and [servicemen] from extended compulsory service would also be drafted to this corps according to the new draft law, which also needs to be clearly stressed.

These servicemen would graduate from, for example, three-month Noncommissioned Officer Professional Schools during a two-year period of probation.

[Szczerba] Now about contracts...

[Niewiadomski] This would be professional service performed on the basis of voluntary enlistment for a definite period of time, for example, five years. It would be extended for a subsequent five-year period with the consent of both parties. In some cases, it would be possible to change the form of service from contract to career.

[Szczerba] Who would the MON [Ministry of National Defense] sign such contracts with?

[Niewiadomski] With reserve officers and SPR [Reserve Officer Cadet School] graduates with professional training in fields in which military schools do not offer training (for example, economics, physical education, psychology, law, culture, and so on). It would also sign contracts with reserve ensigns and reservists who have secondary education useful in the armed forces on the condition that they will serve the full stint of basic service.

[Szczerba] Let us restrict ourselves to this information omitting details. Our readers are more interested in changes in the course of career service. What do they involve?

[Niewiadomski] It is proposed to create a new institution, the working name of which is a so-called inactive state. It would include cases (due to various causes) of not performing service duties for a longer period of time.

Servicemen would be transferred to inactive state if:

- They currently use various forms of leave (for example, in order to take up work outside the ministry, hold an elected position, or are nominated to public service).
- They are granted special leave in order to do work in the field of science, artistic work, and so on.
- They receive leave without pay at their request. So far, regulations have not provided for such an opportunity.
- They are certified by military medical commissions to be temporarily unfit for military service (for example, for two years). At present, it is necessary to discharge them from the armed forces.
- They apply for a temporary exemption from performing service duties due to the need to take care of their immediate family members, and so on.

[Szczurba] We should expect the cadres to use these opportunities. What else would you like to point out?

[Niewiadomski] A provision which will, nonetheless, specify that a career servicemen should refrain from securing gainful employment outside the armed forces. However, in exceptional cases it will be possible if:

1. Essential interests of a state or self-government organ, public or economic organization favor this.
2. Doing work outside the armed forces does not clash with the interests of the Ministry of National Defense, and with the service duties of a career serviceman, and influences favorably the improvement of his skills.

[Szczurba] We all know well what our financial standing is. What will happen if the cadres begin to look for additional sources of income on a mass scale?

[Niewiadomski] It is proposed that the corresponding language of Article 43 of the prewar decree of the President of the Republic of Poland be included in the statutory provision on remuneration due to servicemen which reads: "Officers in career military service should receive remuneration such as to be able to perform the duties entrusted to them conscientiously, devoting themselves to such duties exclusively."

[Szczurba] May this be the case. Let us discuss yet another issue, namely, the system of discharges from career service. We know what the situation is. What will it be?

[Niewiadomski] The dissolution of the service relationship by the servicemen is a proposed novelty which the present law has not envisaged. A notice of six month is planned.

As we know, the current law does not envisage the duty to discharge a serviceman from the armed forces despite the fact that he resolutely seeks the dissolution of a service relationship.

This regulation is perceived by the cadres as an unfair one which sanctions the inequality of parties, so that a serviceman may only ask, and military organs make decisions not necessarily favorable to him.

Let us also put it this way. The labors of service, as well as opportunities to receive high salaries in the civilian market, especially in lucrative, useful, and sought-after professions, prompted many young officers to evade the duty of performing service, especially after graduating from a higher military school, by using any and all means.

[Szczurba] However, colonel, is this not a boon for the people who have acquired this very profession at the expense of the armed forces?

[Niewiadomski] Not quite. It is envisaged that notice may be given only after serving a required length of service (for example, 12 years by virtue of graduating from a higher military school). A candidate for a discharge who does not meet this condition may only be discharged after outlays for his training (costs of food and uniforms) are repaid, service accommodations are turned over to the armed forces, and a notice extended to 12 months is given. To be sure, a segment of the cadres may use this opportunity for an earlier discharge; however, an overwhelming majority will remain in the army because the attractiveness of the service increases whereas competition in the civilian labor market grows.

[Szczurba] Let us sum it up: contract service, discharges from the army by dissolving the service relationship, "inactive state," and a more precise outlining of rights and responsibilities are some of the provisions which are definitely awaited by the cadres. We hope that this great effort of the editorial group operating in our ministry will bear fruit in the form of a specific law. My final question is: How far has preparatory work advanced?

[Niewiadomski] A concept has been outlined, assumptions have been developed, and we have already embarked on writing the legislative text. At this stage of preparation, we are still accepting all proposals and postulates of the cadres interested in the new law. So far, no delays have occurred in the fulfillment of planned intentions. Somewhat on the margin of our interview, I would like to say that these issues were also discussed at a meeting of the MON group.

[Szczurba] Thank you for the interview, Colonel.

Officer-Candidate-School Murders Question Training Process

90EP0707A Krakow TYGODNIK POWSZECHNY
in Polish No 23, 10 Jun 90 p 2

[Article by Piotr Legutko, dedicated to Minister J. Onyszkiewicz: "The Ochnik Case"]

[Text] The crime committed at the Officer Candidate School in Zegrze is confusing and upsetting. At the same time it focuses public attention on the milieu Janusz Ochnik came out of. As we seek an answer to the question of why he committed murder, we must not overlook the conditions under which his personality developed. The reflections below do not apply to the Higher Signal Officers School alone. They apply to the formation practices which prevail in most officer training schools in Poland—regardless of whether these practices are intentional or not—and especially to the aberrations in them, which might also, in some way, influence the character of Ochnik, a private first class.

The first issue worth considering is the way candidates to officers' academies are chosen. Because of the decline in interest in the military as a career (except for a few institutions like the Military Technical Academy), the academies have for many years been admitting just about anybody who applied. I know of a case in which after a cadet had been studying at the academy for two years it was discovered he had never received a secondary school diploma. Some of the academies have no entrance examinations at all. Although the candidate's psychological predispositions are of fundamental significance in positions of military leadership, they are considered last, if at all. According to the information in the press, Ochnik had been a patient at a psychiatric outpatient clinic, but this did not interfere with his being admitted to the Zegrze academy.

Most of the people who wind up in the military academies are young people who have already had to face something that did not work out for them in life. They are people with complexes, cynical people who do not conceal the material motivation underlying their decision. (While I was a Reserve Officer Candidate School cadet, a Polish literature student serving as platoon commander, I participated in entrance examinations "in the rank" of a commission member at one of the officers' schools). Owing to the fact they have no prospect of any social advancement, they are looking for a short-cut to money, housing, and power. Many of them undergo irreversible personality changes, as the result of the shock of the "period in the unit," at the very outset of their career at the military academy. They spend this initial period in a special sort of ghetto, where the customs and rules in effect are different from the usual ones. Military training at this point achieves its goal, which is hidden but without a doubt intended: subduing individual characteristics and making the person think and operate according to learned procedures codified in the regulations. After some time the subdued individual

characteristics may make themselves felt with twice the force, but one now acts "in a new way."

This is also when the first attempts at overturning one's fate occur, usually the last, too. Some manage to leave, although this is not easy to do, because they have to do "their time" in basic service. Acts of desperation occur, and some of them end in tragedy. Two years ago, a young corporal was raped in the course of going AWOL. After the Internal Military Service [military police] caught up with him (in a state of shock), in keeping with the regulations he was sent up on a criminal charge to the school commander (a general!). As he left the commander's office and met with the stigma of jeers and taunts, he decided to commit suicide, fortunately without success. This is perhaps an extreme example, but it is symptomatic. How many young people go through their own personal tragedy alone in crowded soldiers' quarters! The atmosphere of male friendship is often a screen hiding complexes, phobias, and stress. Revealing them could mean demotion to the lowest level in the company's hierarchy. "Bucket, rag, and service." The jokes and sneers may prove more difficult to bear than extra time on the military training ground or obstacle course. This is why few admit their weakness. They either flounder about in a blind alley or actually "become hardened," but either way they are no longer themselves. They become corporals, platoon commanders, sergeants. They identify with their rank and greedily climb up to the next level. What for? To have men under them, with commitment or hatred, but subordinate and dependent either way. It is enough to watch cadets walking around the streets in camp to see what one more stripe on the sleeve means. Mutual abuse or taking someone up to the officer of the day for failure to give a salute (for example, a private first class to a corporal) is a normal thing. The syndrome of company duty (in the subunits), especially sentry duty, creates similar episodes. Shots were not fired at a sentry for the first time at Zegrze, and this was not the first time they were used to settle accounts, but these are extreme cases which occurred after a whole string of events which happened to coincide. On the other hand, incidents where a guard stops soldiers coming back through the gate after a night of drinking, and holds them at gunpoint (flat on the ground) for the whole time he is on duty (for example, in the winter), are part of the local color at many military "educational institutions."

In keeping with the unwritten law, superiors look the other way when cadets exploit their privileged position in the internal hierarchy in this or some other way, because this bolsters discipline and represents a sort of ritual they themselves once observed, a certain right of initiation into the military craft.

It is hard to believe the accounts of Ochnik's friends, when they say that it is only now they realize what weapons are. It is as though a surgeon claimed not to know what a scalpel was. Anyone who has been in the army knows what preparation for sentry duty looks like

and surely also knows of at least one scenario where a real accident occurred during such duty.

Corporal Ochnik did not dream up the method he used all by himself. It turns out that he was deadly serious when he warned the friends jeering him: "You can die that way." Later his friends were ready to make a wager that they could not take him alive. The voices revealed wonder that was difficult to conceal.

Because Ochnik is good at his "trade." He is reckless, but he acted with cool deliberation, calmly. His daring consists of literally carrying his understanding of his "craft" to a bloody absurdity.

The case of Corporal Ochnik serves as a warning and an admonition. Now that we want to turn our armed forces into a professional military, the training of future officers becomes a key issue. It must not be based on alienation from society, on the ghetto mentality which is shaping cadets. The internal relations in military academies must not be based on unhealthy rivalries, hatred, and neglect of personal problems of our future professional personnel. Finally, the best training in the world cannot replace the appropriate psychological predisposition.

People speak about them with scorn: "fruit drinks," "posies." They say they use athletic meets to count off the time in the reserves. These military men enjoy no special attention from society. Nonetheless, they are the ones who represent the bridge to normality, to eliminating huge, mass conscription. I wish we could talk about the Ochnik case and say with a clear conscience that it was just an accident.

YUGOSLAVIA

Army Death Statistics Refute Claims of Kosovo Academician

90BA0248A Belgrade NARODNA ARMIJA
in Serbo-Croatian 21 Jun 90 pp 8-9

[Article by Ivan Markovic: "Army Fatalities: Statistics Versus the Academician"—first paragraph is NARODNA ARMIJA introduction]

[Text] The 1 June 1990 issue of DELO, published in Ljubljana, contained an open letter by the chairman of the Committee for the Defense of Human Rights in Pristina, academician Idriz Ajeti, directed towards the federal secretary for national defense, in which reference is made to the problem of fatalities in the JNA [Yugoslav People's Army] and the federal secretary for national defense is called on to take the necessary measures to prevent such fatalities. Furthermore, the problem of fatalities of Albanian nationality is singled out, amidst suspicions that they are discriminated against in the JNA and that they are not entirely safe there. To what extent are these suspicions substantiated?

It must be pointed out straight away that independent of the appeal by academician Ajeti, the Army organization is taking more measures and activities to protect human life and prevent fatalities and bodily harm, within the framework of a program that was formulated for that purpose. This is an ongoing task, all the more so since every fatality reflects negatively on the moral-political situation in units and the reputation of the Army in society. For this reason, each fatality or incident of bodily harm is thoroughly investigated and analyzed in order to examine the underlying conditions, causes, and oversights and in order to take the necessary steps to prevent these things. There is particular insistence on the further strengthening of discipline and the responsibility of each individual, since a number of fatalities have occurred as the result of a lack of discipline and responsibility by individuals: playing with weapons, being absent from one's unit without leave, and swimming in rivers, lakes, and other bodies of water, which is strictly prohibited, lack of discipline in operating motor vehicles, etc. It should be noted here that the majority of fatalities occur outside the unit or in units outside working hours.

Several specialized and scientific meetings have been held in connection with this problem, and a certain number of analyses of the fatalities in all their manifested forms have been drawn up, the result of which is the program of measures and activities to prevent fatalities and bodily harm in the JNA. Each departure to a unit by officers of senior commands serves to show officers and soldiers all the things that can lead to tragic consequences, and especially that soldiers understand that regulations and orders that contain specific prohibitions or restrictions are not formulated to restrict the freedom of the individual, but rather, as the result of many years of experience, are included in the army structure precisely in order to protect the life and health of the soldiers.

Eliminating Hesitation and Suspicions

With regard to hesitation and questions by the delegates in the Assembly of the SFRY directed towards the FEC [Federal Executive Council] in connection with the circumstances under which soldiers Vahedin Hajrizi and Jetulah Deskaj died, as well as the question of how many soldiers in the JNA have died from 1981 to 1990 and what their national breakdown is, it must be emphasized that it has been irrefutably established that soldier Vahedin Hajrizi committed suicide on 26 April 1990—by hanging himself on the premises of the unit in which he was fulfilling his military service (Split garrison). The expert medical authorities did not find evidence of any injuries other than the signs that were medically indicated as the result of the way in which the late Mr. Hajrizi committed suicide.

The competent investigatory authorities established that the military organization did not have any effect on the suicide through any of its activities or procedures. The mortal remains of Mr. Hajrizi were transported to his

birthplace and buried in accordance with the Service Regulations of the Armed Forces of the SFRY.

Soldier Jetulah Deskaj committed suicide on 18 May 1990 on the firing range of Subotica garrison. After firing seven bullets at the first target, Deskaj, in accordance with regulations, received another clip with 14 bullets in order to continue firing practice at the second target under a protective mask. After putting the mask in the protective position, he fired one burst at the target, and then very quickly turned the barrel on himself and fired five bullets into his chest. Despite the first aid measures applied, he drew his last breath on the spot, which was confirmed 15 minutes later at the city hospital in Subotica.

The competent investigatory authorities determined that the suicide was committed for unknown personal reasons, and that the military organization was not responsible for any type of negligence that would have been linked with this.

There is absolutely no foundation to all other information being spread in Kosovo and elsewhere concerning these incidents.

In the period from 1 January 1982 to 1 May 1990, there were a total of 496 fatalities in the JNA. The national breakdown is as follows: 202 Serbs, 77 Croats, 32 Slovenians, 29 Macedonians, 16 Montenegrins, 86 ethnic Muslims, 32 Albanians, 14 who identified themselves as Yugoslavs, and eight others.

Of the aforementioned number of fatalities in question, around 47 percent occurred outside of the unit (on various types of leave, while AWOL, and in other situation where the military organization has no influence), while around 38 percent of the fatalities in units were caused by transportation mishaps and irresponsible actions, which cannot be influenced.

The total percentage of violent fatalities, including the percentage of suicides in the armed forces, is below the percentage of such occurrences on a federal, republican and provincial level.

In terms of the number of fatalities proportionate to its numbers, the JNA trails the majority of other countries whose data are available. For example, according to disclosed data, there were 332 fatalities in the Italian armed forces in 1987, and 328 in 1988.

Suspicions of discrimination towards members of the Albanian nationality in the JNA, which are probably the result of inadequate information on the part of academician Ajeti, are ruled out inherently if one takes into account the number of persons killed according to national allegiance for the last three years, for example. According to statistical data, of the total number of fatalities over the past three years, Serbs account for 49.66 percent, Croats 14.23 percent, ethnic Muslims

11.25 percent, Macedonians 7.61 percent, Slovenians 5.62 percent, Albanians 2.31 percent, and others 1.32 percent. We think that these data require no special commentary.

Results of Analyses and Studies

The problem of suicide in the JNA has also been the subject of comprehensive scientific study. Accordingly, the number of suicides in the JNA is comparable to certain foreign armies and to the situation in the civilian population on the Yugoslav level. (The number of suicides is calculated per 1,000 people.) Compared to the majority of foreign armies, especially those of highly developed countries, the number of suicides in the JNA is significantly less, and compared to the situation in Yugoslavia it is approximately the same, even a little lower, while it is substantially less compared to certain regions. The studies have shown that the causes of suicide in the JNA are essentially the same as for those who commit suicide among the civilian population. The number of cases that can be directly linked with the military organization or with living and working conditions in the Army is small. The largest number of causes, or rather difficulties and problems that are a burden on the person in question, provoking difficult conflict situations within him that motivate him to decide to commit suicide, are brought with him from civilian life and have developed as the result of various social circumstances. Accordingly, the army organization, through all its specific elements, does not act as an encouraging factor in suicide, but rather the opposite, as a restraining factor.

Each case of suicide is investigated thoroughly by military judicial authorities. First, it is determined whether it was in fact a suicide, and then whether someone urged the person in question to commit suicide through coarse and inhumane behavior. Naturally, an attempt is made to uncover the motives for the suicide. Because there is sometimes doubt about whether it is in fact a suicide, as well as the reason why it happened, whereby improbable rumors are often spread during the process of investigating the suicide as well as after its completion, the relatives or their legal counsel are allowed to examine official documents and avail themselves of their legal rights.

Finally, in order to eliminate all the suspicions expressed in academician Ajeti's letter, we will turn to the statistical data on the percentage of suicides according to national allegiance for the past three years: Serbs 47.50 percent, Croats 15.83 percent, ethnic Muslims 10.83 percent, Albanians 6.66 percent (who represent around 14 percent of the armed forces), Macedonians 6.66 percent, Slovenians 5.83 percent, Yugoslavs 2.50 percent, and others 1.66 percent.

This article should be understood as a desire to inform the public about how the JNA assigns the utmost significance to the problem of fatalities in its midst, as well as about the measures that the Army is taking to reduce the number of fatalities to the lowest possible level.

CZECHOSLOVAKIA

Retail Price Changes; Step to Market Economy

90CH0269D Prague HOSPODARSKE NOVINY
(supplement) in Slovak 3 Jul 90 p 1, 4

[Article by Eng. Kamil Mikulic, candidate for Doctor of Science (CSc.), first deputy minister, Federal Price Office: "Step to a Market Economy: Changes in Retail Food Prices"]

[Text] Retail prices, as final consumption prices, culminate the social decisionmaking process concerning what, how, and for whom something has been and will be produced. It is therefore very important that these final prices, as the expression of the internal uniformity of the price system, fulfill their role by serving mainly as an economic category.

This article assumes that price subsidies for food, potatoes, fruit, and vegetables amounted to Kcs35 billion in 1989. The Czech and Slovak Federal Republic [CSFR] Government, on the advice of the Federal Price Office, has decided to increase retail prices by Kcs27 billion, and to reduce the procurement and wholesale prices of these agricultural products by the remaining Kcs8 billion. This reduction is made up of a reduction in the procurement price of milk by Kcs4.1 billion, of beef by Kcs3.5 billion, and of chickens by 0.5 billion.

The elimination of retail food price subsidies is intended to make food prices more closely reflect wholesale prices, bring relative prices of selected meats into line with meat and poultry prices in neighboring developed countries, and finally have food prices reflect the nutritional strategy for our people and its evolution between 1990 and 2010. This strategy gives preference to white meat and tries to reduce the consumption of red meat (beef, pork, lamb) and animal fats.

This has been evident in the fluctuations in the formation of new relative meat prices. There has been a minimal

increase in the retail price of chicken (Kcs30 to Kcs31 per kilogram), with part of the price subsidy shifted by reducing procurement prices by Kcs2 per kilogram. To support producer revenues a temporary supplementary payment to the kilogram wholesale price of slaughter chickens is being offered. Some of the reduction in the wholesale price of poultry will be at the expense of profits.

On the other hand the across the board elimination of the retail price subsidies on beef and sheep products has resulted in a significant increase in their prices. For example, the price of beef has risen about 112 percent, milk products by about 75 percent. This will worsen [raise] their prices relative to those in developed neighboring countries. There could also be a significant decline in demand for these products domestically. This in turn would have serious consequences for the structure of primary agricultural production, which cannot restructure itself immediately (the production cycle for beef is 2.5 years, and for a producing milk cow three years).

This multibillion koruna shift made it possible to increase the prices of the above foods by about 50 percent in the new retail price adjustment. This program also needed to consider reductions in the wholesale prices of slaughter cattle and sheep by Kcs4-4.5 per kilogram and of milk by Kcs0.65 per liter, which correspond to the temporary subsidies being offered to the procurement prices of these items. These changes bring the relative prices of these food groups into line with those of the FRG.

Changes in retail prices bring the relative prices for the affected items as well as their procurement prices into line with those of neighboring developed countries. Before the changes the relative prices of pork, beef and chicken in the CSFR were 1:1:0.65 and in the FRG 1:1.07:0.4. After the price change the relative prices in the CSFR were 1:1.14:0.55.

More detail on the positive changes in domestic relative prices is provided by the following table comparing our relative prices with those in Austria.

**Comparison of Meat Prices in the CSFR and Austria
Per Kilogram Prices**

	Austria		CSFR			
	shillings	percent	current	percent	new	percent
Boneless beef hindquarters	102.90	100.0	46	100.0	67	100.0
Boneless beef forequarters	92.90	90.3	22	47.8	37	55.2
Beef forequarters with bone	63.0	61.2	17	37.0	27	40.3
Pot roast	118.0	114.6	55	119.6	77	114.9
Boneless leg of pork	99.0	100.0	60	100.0	60	100.0
Pork roast	98.0	99.0	46	76.7	50	83.3
Pork scrag	69.90	70.6	43	71.7	43	71.7
Side of pork with skin	47.90	48.4	17	28.3	25	41.7
Pork shoulder with bones	64.90	65.6	36	60.0	36	60.0
Skinless pork fat	47.90	48.4	18	30.0	23	38.3

In addition the relative procurement prices of wheat, milk and slaughter cattle have been adjusted from the current ratio of 1:2.4:15.6 to a ratio of 1:1.9:13.6, which also represents an improvement in terms of the ratio in the FRG, which is 1:1.7:9.9.

The above mentioned Kcs8 billion of negative sales tax that is not being included in the increased retail prices relates only to deliveries to consumer inventories. In practice, though, it is not possible to distinguish between agricultural products that will make their way to inventories and those that will be used for other purposes (production consumption, exports). The excluded negative sales tax resources had to be distributed evenly over all the procured agricultural products. This means, for instance, that the Kcs4.1 billion designated to reduce the procurement price of milk had to be distributed over the procured volume of milk, 6.2 billion liters, even though only part of this milk made its way to consumer goods inventories. This is the calculation that was made to arrive at the reduction in the procurement price of milk by Kcs0.65 per liter. An analogous calculation resulted in the average reduction of Kcs4.40 per kilogram live weight in the procurement price of slaughter cattle. There will be no subsidies to the procurement price of slaughter chickens because of the comprehensive nature of the change in its wholesale price.

These adjusted procurement prices serve as the basis for a recalculation of wholesale prices for milk and meat products. These wholesale prices then form the basis of new retail prices containing no subsidies. Existing wholesale prices apply to other uses of these products. The differences between the new wholesale prices and the former ones will be covered from the current equilibration funds of the milk and meat industries. These funds were set up during the comprehensive procurement and wholesale price restructuring to compensate for differences in the prices of agricultural products. The funds are used to compensate for differences between calculated milk prices and the procurement prices in winter and summer, differences between quality categories I and II, differences between the calculated price of slaughter animals and procurement prices for cattle which are not tied to specific quality categories after slaughter. These funds should be formed from differences between the new, lower procurement prices of milk and beef cattle and the procurement prices of those products that are still calculated based on the existing prices.

The new prices will have their greatest impact, and this will be a severe social problem, in those products the prices of which in the past reflected social policy rather than actual production costs. These include the prices of dried milk products, cheese, fruit and vegetable products, beef, etc. It is an unpleasant fact that the consequences of the elimination of the subsidies on these products had to be reflected in the prices of products designated for infant and dietary consumption. The fact of the matter is that we can put off a resolution of this problem no longer. When we look at the statistics and see

food purchases for children at an average of Kcs2283 annually, it appears that the annual sum of Kcs1,680, the supplementary payment for each child, should cover the price increases.

The elimination of food price subsidies is the first step leading to the full interrelationship and deregulation of prices. In this context it must be emphasized that the direct linkage between price ranges is just a necessary, but not a sufficient condition for a healthy price deregulation. The sufficient condition is a healthy market with protective competition. The second step in price deregulation has to be an adjustment of relative costs arrived at by adjusting the prices of basic power and materials inputs. This adjustment would assure that there is a uniform principle for evaluating inputs and outputs, by taking account of the full production environment. Taking account of these conditions means first of all using full acquisition costs in hard currencies in valuations of inputs. This second step is the only way to create a reliable pricing base for determining economic efficiency, measuring the comparative advantages of the Czechoslovak economy, as well as designating balanced retail prices.

The central price adjustment is gradually performing all these operations. In terms of increasing prices of food, fruit and vegetables, and managing the adjustment process the center has authorized full monetary compensation for the general public. In contrast, price subsidy adjustments for industrial goods will be neutral both with respect to the population and to the state budget. The organization of price subsidies for fuel and heat, and rent subsidies require still another resolution.

The elimination of price subsidies and even some supports (candy industry prices have been reduced by some Kcs300 million) for food will, however, establish relationships between price groups based on wholesale prices. This program does not permit the creation of new relative retail prices. These retail prices will be marked for some time by the divergent evolution of wholesale from retail prices. The new relative prices show, with few exceptions, poor relative wholesale prices for food. One must assume that the price deregulation that is just starting will smooth out the rough spots in the retail prices and relationships among them.

The program of eliminating price subsidies is bringing relative wholesale and retail prices closer together. This is making sales tax rates more uniform, as a step towards an eventual value added tax. In foods a differential tax is being used. Balancing this tax allowing one to arrive at a net tax of zero.

The transition to more rational price formation requires a renewal of macroeconomic equilibrium and a competitive market structure, including an opening of the economy to foreign influences.

During preparations of the measures to eliminate price subsidies the view was expressed that an adjustment delivered in this way is just an administrative action, just

like all previous price adjustments. This is not completely true, however. The difference is that this adjustment is just one on the way to a market economy.

Nor is the objection valid that raising prices, then offering compensation for them, changes nothing. This would be so if the program only made a quantitative shift in all prices, or pushed them to the level of equilibrium prices for supply and demand, and then offered income compensation. The result, however, of the elimination of the subsidies in a differentiated way will be a shift in relative prices of food and therefore an inevitable change in consumer demand for certain foods. Consumption will probably go down, foods will be managed better. In addition, deregulation of retail food prices, even though it doesn't apply to all foods, will clearly also change their relative prices.

HUNGARY

Restoring 1947 Land Ownership Conditions— Pros, Cons

Smallholders' Agricultural Expert Interviewed

90CH0254A Budapest FIGYELO in Hungarian
31 May 90 p 10

[Interview with Dr. Gabor Magyar, agricultural expert of the Independent Smallholders' Party by Peter Bonyhadi; place and date not given: "The Smallholders Are Saying..."]

[Text] Under the banner of its land program, using its keen tactical skills, the Independent Smallholders' Party has scored a strategic victory. Analyzing the political content of their triumphant slogan is the job of political analysts; what we were interested in finding out from Dr. Gabor Magyar, one of the Independent Smallholders' Party's agricultural experts, was his assessment of the economic consequences of returning to the land ownership conditions of 1947.

[Bonyhadi] How did you, a former director of KITE [Corn and Industrial Crop Growing Cooperation] at Nadudvar, a retired deputy minister of the Ministry of Agriculture and Food, and a representative and controller of large-scale agriculture, end up joining the Smallholders' Party which has been such an ardent proponent of small farming?

[Magyar] I am a Hajdu by birth, who from early childhood on spent a lot of time working on his father's land, first during school holidays, and later as a graduate of the Pallag Agricultural College. I had continued to work until the kulak lists made it impossible for me to continue farming. Since my start as a smallholder, after I was finally able to complete my involuntarily interrupted university studies, I have worked at an experimental farm, a state farm, and a producers cooperative; I have taught at a university, managed a production

system and served as a deputy minister. It was last December that I offered my expertise to the Smallholders' Party.

[Bonyhadi] Many are afraid, or at least concerned about your agrarian program, i.e., about the fact that you want to return to the land ownership conditions of 31 December 1947. Many feel that such a move would destroy the country's only so-called success branch, agriculture.

[Magyar] The central aim of the Smallholders' agricultural program is to return agricultural production into private hands. Our intent, however, is not to recreate the landownership conditions of 31 December 1947, but rather to use them as a starting point from which to proceed. This means that if, on whatever grounds, your land has been confiscated without compensation since that date, your ownership of title will be reinstated upon request. Naturally this does not apply to legal transfers of title, as between 1947 and 1961 about 1 million hectares of land changed hands in the form of some 400,000 legally executed deeds. Also ineligible for having their rights of land ownership reinstated are those who have received compensation in the West for lands they had been forced to leave behind.

At the time they request to have their land returned, the proprietors must declare what they intend to do with it, i.e., whether they wish to farm it themselves, or leave it in the producers cooperative as their private share.

In my opinion 20 to 25 percent of the land will remain unclaimed. First of all, because in many cases the inherited land has been so often subdivided among the city-dweller heirs of the former proprietors that they would not know what to do with one or two hectares from 100 kilometers away, for land ownership also entails responsibilities; it is subject to taxes, somebody must cultivate it, etc.

[Bonyhadi] If you are for private land ownership, who will be the proprietors of these unclaimed lands?

[Magyar] The commonage. These lands will become the property of the competent local governments, which in turn can lease them out to fulltime farmers on a short or long-term basis. The revenues from these leases will be added to the budget of the local governments. The only state farms to remain in state hands will be lands that had been government holdings or crown lands to begin with.

[Bonyhadi] And what will happen to the other kinds of property, i.e., the buildings and machinery used by the producers cooperatives in the course of their operation?

[Magyar] The fixed assets of the producers cooperatives are the fruits of their members' labor. Title to these assets will have to be determined in accordance with the members' length of service and total income earned

while in the cooperative. It is on the basis of these property ratios that individual shares would be determined.

[Bonyhadi] For this to work, these assets will have to be used. The tractors will have to plough, the combines will have to harvest. In the barns, someone will have to take care of animals, in the fodder mixers someone will have to produce feed, etc. Who will do all of this once everyone starts working on his own land?

[Magyar] During the nearly four decades that have elapsed since 31 December 1947, the lands passed on to heirs living in the villages have also been broken up. And even in the villages, one or two hectares are not enough to make a living. Hence the titled holdings of the cooperative membership will have to be concentrated where the people are actually working. For example, someone who has worked on a poultry farm, should get a poultry farm as his share. If the total value of the farm exceeds his share, naturally he would have to lease the remaining portion. The mechanized branches of the producers cooperatives could evolve into crop producing businesses. The people employed by them could either cater to the machine needs of farmers, or could themselves lease lands and produce independently. The producers cooperatives would thus be replaced by a chain of private farms connected by business ties and various other agricultural ventures based on private ownership.

The employees of the old producers cooperative centers could also provide some needed services in the areas of market research, procurement and marketing organization, consulting, etc. This is also not new, since before the war the Hangya [Ant] cooperatives and the so called farm inspectors had provided similar services.

[Bonyhadi] It seems that the land ownership issue is purely a political matter to the Smallholders' Party. What assurances are there that Hungarian agriculture will not decline, and that its efficiency will improve?

[Magyar] Presently small producers account for 40 percent of our total agricultural output; in the case of some products such as hogs this figure is 60 percent, and in the case of vegetables it is as high as 90 percent. If these small producers and the new private farmers can produce hard feed and hay for less than what they are currently paying for them, profitability will improve, and because of greater demand production will also rise.

The profitability of businesses set up within the cooperatives will also improve as the extremely high cost—nearly 20 percent of the production cost—of the present inflated bureaucratic administration will be drastically cut. Here, too, we can expect property and income incentives to jointly manifest themselves as the entrepreneurs themselves, not just one or two cooperative managers, will be able to decide what to do with the profits.

All considered, I am convinced that after the relatively short time that it will take to return the land into private hands, we will need more time to effect changes in the

way the land is actually being used and to establish a system of conditions necessary to support those changes. The transition, in other words, will take place gradually, without disrupting domestic supplies and export interests.

Economist Questions Concept's Feasibility

90CH0254B Budapest FIGYELO in Hungarian
7 Jun 90 p 10

[Article by Miklos Mentenyi: "Bumpy Land Program"]

[Text] The draft land law is clearly a political program. If implemented, it would lead to more injustice; it is not supported by proper calculations, and aims to regulate outside of the realities of the existing economic context. Even more distressing is the fact that it offers no guarantees against declining production.

The new land law would lead to the establishment of a completely fragmented system of land ownership, for even if we take the 1947 conditions, of the 1,651,313 land owners nearly 1,000,000 had plots of an average size of 1.7 hectares, which since then have been further subdivided due to the inheritance process. Only 660,000 people had land holdings of three hectares or more. Clearly this is not the direction in which the developed systems of Western agriculture, considered by many as models to be emulated, are evolving.

State Holdings

For all intents and purposes—despite all claims to the contrary—the draft land law would lead to a new land distribution, for most of the tillable land would be turned over not to the peasants currently employed in agriculture, but to citizens—nearly 600,000 of them—who have long moved away from the villages and are employed in other areas of the national economy. It would lead to a new land distribution, because compared with the situation in 1947, the country's agricultural areas, including its total arable land, have significantly decreased. There is not enough land left to be returned to the original owners. It is true that many are thinking and proposing to use the land holdings of the state to meet all demands.

Even if the original system of land ownership had remained in place, these owners, theoretically, would have also been affected by the gradual decline of agricultural, or arable lands, even if not to the current extent. And if this is the case, the appropriate form of compensation for these expropriations would be a financial settlement, and not restitution in kind, i.e., in the form of land. For example, of the total holdings of our state farms only some 30 percent had belonged to individual peasants, and 70 percent had been government controlled or large private estates.

Emolument Lands

In the case of the former peasant lands, the claims for restitution and compensation are naturally valid, but

nothing justifies the significant reductions proposed in state-owned lands, and thus in state property.

The settlement of land ownership and the issue of restitution are two distinctly separate matters. Lands expropriated or lost should only be reclaimable by former owners who reside locally, or who are willing to return to the village and work in agriculture. Cultivation by leasing is also not a desirable option for it would lead to an unhealthy separation between land ownership and use.

The possibility of reclaiming one's property without having to pay for it will lead many to sell or lease out their reclaimed land. Even in the latter case, significant amounts of money would be leaving agriculture.

Those who have left agriculture and do not intend to return there in the future should be able to request monetary compensation. Provided that the necessary funds can be raised, such compensation must be kept separate from the new land law.

The proposal to reinstate the former grazing associations and the forest commonage concept is an acceptable one, and it would be a good idea for these to operate as associations of private land owners. In the advanced agricultural systems of the developed world, local governments do not own any arable land and are not involved in agricultural production. Hence of the former local government held estates only the emolument lands of teachers and clergymen would be expedient to restore; otherwise in a market economy there is no need to have local governments owning land.

The decline of local government owned lands had actually begun already between the two world wars. Several cities had sold sizable holdings. Instead of arable land, what local governments need most of all are sources of tax revenues. Under the new tax system governing agriculture, for example, all local governments would be entitled to collect a land use tax for the arable lands located within their jurisdictions.

Paragraph 23 of the draft land law specifies that only unencumbered lands may be turned over to private ownership. It should be mentioned here that our large agricultural concerns and their employees currently have 60 billion forints to repay in short, medium and long-term credits. Within this, the credit obligations of our state farms amount to nearly 16 billion forints. If these large concerns' lands are taken away, it will be doubtful that these loans can be repaid, which will further aggravate the country's budgetary problems. This, too, seems to support the contention that those who have left agriculture and do not wish to return cannot be compensated in the form of arable land.

Abundance

The draft law also states (par.50) that it is the duty of the owners to maintain and improve the productivity of their lands. But are there enough resources available to

ensure this? And where will the leasing fees come from; after all, they are currently not included in the production costs?

The answer is that our large farms are already finding it expensive to produce, their overall costs are high, and managing agriculture as a whole has become expensive. Maintaining the productivity of the land, and covering the leasing fee would require a reduction of these costs.

We have already heard claims that if parliament adopts the ideas of the Smallholders' Party, we will see "drastically reduced agricultural prices" and a "never before seen abundance of food." The references and examples cited in this connection are drawn exclusively from the experiences of Danish and Dutch peasant farms and the large private farm operations of the United States.

The production costs of our large concerns can indeed be reduced, but there are many things that are not reflected in their producers' prices.

Prices

I would like to call attention to the fact that agricultural producers' prices in the countries of the Common Market are nearly twice (170-190 percent) as high as the world market level. These producers' prices cover all necessary costs, including expenditures aimed at maintaining the productivity of the land as well as leasing fees, and they also ensure revenues that are sufficiently high for establishing the necessary conditions of extended reproduction on the average farm, and for providing individual incomes that are commensurate with those of city dwellers. It is on the basis of these producers' prices that consumer food prices are determined which the population in these countries is able to afford without subsidies. Nearly 20 million producers are supplying 600-700 million consumers at producers' and consumer price levels that are considerably higher than those in Hungary.

In this connection the world market prices as we know them only apply to exports and imports of agricultural and food industry products which are heavily subsidized in the countries of the Common Market.

If, therefore, Hungary intends to open up to the West, to become an integral part of the Western economy, and in time even to join the Common Market, someone should first answer the question of how we are going to bridge this enormous price gap still within this decade.

FIGYELO Editorial Comment

90CH0254C Budapest FIGYELO in Hungarian
7 Jun 90 p 10

[Editorial article by Peter Bonyhadi: "Reason or Sentiment?"]

[Text] The coalition parties are in a tough bind. Not only because the responsibility of government is great, but also because governing threatens to blur the distinctions

among the parties. It is virtually impossible, or at least very difficult to tell just by looking at certain decrees which party originated them, or which party has contributed the most to them.

The parties, however, must continue to shine, which is impossible to do without adversaries. To certain representatives of the Smallholders' Party, for example, that adversary is the producers cooperative whose managers, and national leaders have systematically conspired to sell off the lands still in cooperative hands in order to deny access to them by the vilified and dispossessed peasants who are still awaiting justice.

On the basis of the principle "let the other side also be heard," we have asked the secretary of the National Association of Agricultural Producers and Cooperatives [MOSZ], Dr. Andras Zsohar whether or not they felt "embarrassed" by all of this.

One thing we have learned from the information received—which is something even the land purifiers have not denied—is that the selling of lands is proceeding in accordance with the law. It is a different question altogether, that it has by no means been an all out campaign, as the producers cooperatives and the people belonging to them depend on the land for their livelihood; if it were squandered for pennies it would not only strip them of their ability to make a living, but would also pull the cushioned chair from under the wicked cooperative leaders. To date, in fact, no one has gone as far as to suggest that somebody is pocketing the moneys earned from these land sales.

This notwithstanding, it is not unreasonable to ask what kind of lands the producers cooperatives are selling off, with the approval of two-thirds of their membership meetings, just before the privatization process is expected to begin, and on what basis?

However reluctantly, one cannot ignore the fact that the MOSZ program does recognize the right to form cooperatives based on private property, and that it does acknowledge that the so-called producers cooperative properties actually belong to cooperatives of private proprietors. In their congressional resolution they have clearly conceded that the most thoroughly exploited and longest suffering stratum of society has been the peasantry which therefore is entitled to a full financial and moral restitution. Their grievances, however, cannot be redressed at the expense of today's cooperative members. Restitution is the duty of the state which it must carry out in accordance with the country's load-bearing capacity. One possibility, for example, would be to make it legally possible for former land owners who wish to continue to farm in the future to receive compensation in state bonds.

The bond holders could decide whether or not to exchange their securities for shares, and to use them to purchase partial ownership in, or lands from a cooperative.

But as far as the essence of the issue, i.e., the sale of lands is concerned, under the business and reorganization law many producers cooperatives have already established various forms of partnerships and businesses which operate on lands and other real estate leased to cooperative members. These, for the most part, are the kinds of leased properties that may be sold now with the already mentioned two-thirds majority vote.

None of this, of course, precludes the possibility of land manipulation or misuse; making generalizations on the basis of isolated instances, which no one has ever been able to completely eradicate, hoping to turn it into political capital, however, only hinders rather than promotes the process of economic consolidation.

MALEV Privatization: First Boston Group Consulted in 49-Percent Sale

*90CH0193A Budapest MAGYAR HIRLAP
in Hungarian 18 Apr 90 p 6*

[Article including interview with Sandor Kalnoki Kiss, deputy minister of the Ministry of Transportation, by Lenke Elek; place and date not given: "MALEV Privatization: They Will Be Receiving a Performance Bonus; The Winner Is the First Boston Group—Fifty-One Percent To Stay in State Hands"]

[Text] On 2 January, MAGYAR HIRLAP was the first to publish a short news item announcing the beginning of MALEV's [Hungarian Air Transport Enterprise] privatization. Of the 14 firms considered during the preparatory phase for performing tasks ranging from enterprise analysis to possible strategy changes, the reputable First Boston Group was selected for the job.

In the meantime, for entire different reasons, MALEV has been a frequent subject of news reports, specifically because of its refusal to transport Jewish emigrants. This matter—without prying into any of the details—has caused the fall of director general Lajos Jahoda. None of this, however, has had any impact on the privatization process. Presently Tamas Odor, the former deputy director general, is at the helm of the enterprise, and things have gotten much quieter at MALEV. However, the end of April—by which time the final strategy has been promised to be outlined—is already around the corner.

The first question I put to Sandor Kalnoki Kiss, deputy minister of the Ministry of Transportation, was this: why do we really need to change the form of ownership in the case of MALEV?

[Kalnoki Kiss] The entire fleet of MALEV should be replaced, with the exception, of course, of the recently leased Boeings. The last TU-154 will be replaced in 1997. It is well known that we cannot expect deliveries of modern and competitive crafts from Soviet sources. This kind of an investment—whether we lease or buy—will require money. The reason we need to remain competitive is because starting in 1992, the air transportation

market will also be liberalized. In other words, MALEV will not only be competing with individual airlines, but with an entire bloc of companies.

[Elek] So by opting for privatization you wish to improve MALEV's market position? How do you intend to do this?

[Kalnoki Kiss] We have invited 14 firms—investment banks and consulting firms—with experience and international references in the privatization of large national airlines to participate in our competitive bidding. Incidentally, none of these firms can later become possible partners or investors of MALEV. Their job was to come up with a plan for the modernization of the firm. Upon reviewing the submitted bids, an expert committee selected a firm by the name of First Boston Group. This well-known international firm has all the necessary references and financial resources.

Two Phases

The job consists of two phases. The first involves an assessment of the enterprise, including a review of its balance of payments, to determine how much the enterprise is worth on the international market. Subsequently, the First Boston Group will advise MALEV on how to go about getting the best possible price for a certain package of its stocks. This, of course, might also involve some kind of a "diet plan." Naturally, privatization does not need to be rushed. The group can wait until the stocks can be sold at the most favorable price. We must make it clear, however, that we are not talking about selling the company. The 51 percent majority state share will be maintained under any circumstances.

[Elek] When can we expect the privatization strategy to be completed?

[Kalnoki Kiss] By the end of June. The working capital can be brought in the "second act." The assignment of the First Boston Group at that point will be to seek out the best buyer that can be found in the market place. They will have a stake in doing so for they will receive an "performance bonus." Choosing from among future buyers, of course, is also a part of the strategy, i.e., the strategy of deciding whether the buyer should be an investment banker or an airline. In the air transportation market, incidentally, mixed ownership is quite common.

Constant Control

The citizen likes to have a glance behind all privatization processes, especially in view of some recent blunders. Well, in the case of MALEV's privatization there are no such blunders to worry about. On the one hand, the

participants are constantly being scrutinized from several sides (i.e., the authenticity of their recommendations), and on the other, in addition to MALEV, the process is overseen by the Ministry, and what is even more important, by the State Property Agency.

"What is the next step," I went on to quiz the deputy minister.

[Kalnoki Kiss] The First Boston Group will collect all balance-related data going back for the past five years; in auditing the figures it will be assisted by the similarly well-known subcontractor, Price Waterhouse. This will be followed by a final assessment, and three-four weeks later we will have First Boston's team of experts coming over from New York to look specifically at the question of air transportation. They will be focusing on this specialized field, feeding into the computer all data ranging from the characteristics of our planes to the language proficiency of the crew. The assessment is expected to be completed by the end of June, at which time they will also present recommendations pertaining to strategy. This, in the final analysis, is the way to start privatization, and to build up a circle of potential share buyers.

MNB Report: First Quarter Improved Monetary Processes

90CH0255B Budapest FIGYELO in Hungarian
7 Jun 90 p 13

[Article by Dr. Ervin Fabri: "MNB [Hungarian National Bank] Report: Our Dollar Debts Have Slightly Declined"]

[Text] Our monetary processes during the first quarter have shown some improvement. However, we still cannot talk about an easing of monetary tensions, for despite the eased pressures, our debt obligations remain high, the consumer price index is still at nearly 125 percent, and the number of insolvent enterprises has not declined.

Compared with the 4 million dollar surplus registered a year ago, this quarter our (marginal parity) trade surplus has risen to 208 million dollars. As a result of tightened currency exchange regulations for travellers, this year our tourist industry is once again in the black. Still on 31 March—primarily as a result of interest payment pressures—our current hard currency balance of payments showed a slight 49 million dollar deficit. (Last year at this time the balance of payments deficit was 669 million dollars.)

Table 1. Allocations of the Hungarian National Bank

Allocations	Funds on 31 Mar 1990	Change between 1 Jan and 31 Mar	Index to 1 Jan	Distribution of Funds	Distribution of Change
	In Billion Forints		In Percentages		
I. To the State Budget					
1. Budgetary Debts*					
a) Resulting from Deficit Financing	419.4	- 1.5	99.6	40.7	- 3.9
b) Other	85.8	+ 9.9	113.0	8.3	26.0
1. Budgetary Debts (a + b)	505.2	+ 8.4	101.7	49.0	22.1
2. Credits to the AFI	246.6	+ 3.4	101.4	24.0	8.9
(1 + 2)	751.8	+ 11.8	101.6	73.0	31.0
II. For the Refinancing of Banks and Discounting Their Notes	278.5	+ 26.3	110.4	27.0	69.0
Total MNB [Hungarian National Bank] Allocations to the State Budget and the Banks (I + II)	1,030.3	+ 38.1	103.8	100.0	100.0

*Without the 517.6 billion forints charged to the budget on 31 March, as a result of the devaluation of the forint, which exceeded the 1 January figures by 56.9 percent.

Our total debts have declined by 832 million dollars, dropping from 20,605 million dollars at the end of last year to 19,773 million forint as of 31 March. At the same time, our payments due have decline by 529 million dollars, from 5,489 million dollars to 4,960 million dollars. Consequently, our net debts have dropped by 303 million dollars, from 15,116 million dollars on 31 December to 14,813 million dollars.

According to preliminary data for April, our hard currency equilibrium has continued to improve: our current balance of payments for the first four months has even shown a slight surplus. Despite a 173 million dollar capital influx surplus, i.e., a balance between the total of 820 million dollars in new medium and long-term credits assumed during the first quarter (720 million dollars) and imported operating capital (100 million dollars) on the one hand, and 647 million dollars in amortization payments on the other, our hard currency reserves have diminished by 140 million dollars, as certain foreign banks have chosen not to renew their short-term deposits. This decrease of reserves continued through April. (As a result we have been forced to apply for a short-term bridging loan from the Bank of International Payments, which was approved on 14 May, in the amount of 280 million dollars. Incidentally, in early May our reserves ceased to decline further.)

At the end of March—owing primarily to the fact that compared with our 102 million ruble export surplus a year ago the first quarter of this year closed with a 194 million ruble import surplus—our ruble-cleared balance of payments showed a 184 million ruble deficit. (Just a year ago, our current balance of payments was 414 million rubles in the black.) This has meant a decline in net payments due to us from 1,650 million rubles on 31 December, to 1,467 million rubles on 31 March, reflecting the difference between 2,159 million rubles in collectable assets and 692 million rubles in liabilities.

According to preliminary data for April, our ruble balance has also improved. Our stock of collectable assets

has continued to decline, as the 184 million ruble deficit registered at the end of March has been followed by another 161 million ruble shortfall in April, increasing our deficit for the four months to 345 million rubles.

As shown in Table 1., as of 31 March, total allocations by the central bank to the budget and other domestic banks (without the 517.6 billion forints charged to the budget as a result of the devaluation of the forint, which was 56.9 billion forints greater than on 1 January) amounted to 1,030.3 million forints which compared with the total on 1 January, represented a 38.1 billion forint, or 3.8 percent increase. Included in this figure was an increase of 11.3 billion forints, or 1.6 percent in credits to the state budget (i.e., for servicing the budget deficit and funding the State Development Institute which supplies money to large state investments) which accounted for 31 percent of the total increase. At the same time, 69 percent or 26.3 billion forints of all central bank allocations were used to refinance banks and to boost the discount rate on their notes. As a result, credits to banks have increased by 10.4 percent.

At the end of March, 73 percent of the central bank's already mentioned 1,030.3 billion forints worth of domestic allocations (751.8 billion forints) went to financing the budget, and 27 percent (278.5 billion forints) was used to cover outstanding bank debts. Compared with the December ratio (74.6:25.4) this represents a slight improvement, although it still shows that the state budget continues to tie up an inordinate proportion of the central bank's resources, and hence also that as a result there are very little central bank funds left to finance the banking sphere (and through it the needs of our enterprises and of the population.)

According to the monetary plan, short term refinancing loans and discount notes allocated by the MNB to other banks in the first quarter of 1990, could not exceed 122.7 billion forints. The actual amount of such central bank credits extended through March was 116.8 billion forints (including 100 billion forints in refinance loans and 16.8 billion forints to cover bills in hand), or 5.9 billion forints less than the allotted sum. (This despite a very strong demand for discount hard currency export prefinancing loans.) Also contributing to the savings was the role of greater bank circumspection in granting credits.

Of the different types of credit extended to the enterprise sphere by commercial banks and specialized financial institutions, the increase in working capital credits has been the most notable. At the end of the first quarter, such allocations amounted to 314 billion forints, 21.8 billion forints (7.5 percent) more than on 1 January, and 52.7 billion forints (20.2 percent) more than the year before. Short-term credits accounted for most of this increase. The continuing rise in demand for working capital credits may be attributed to a significant jump in the value of existing stockpiles—due mostly to the price increases—and to an increase in the number of enterprises needing advance bank credits.

Table 2. Cash in Circulation

Banknotes and Coins in Circulation	Change in the 1st Quarter of 1990	Distribution as of 31 Mar 1990
in Billion Forints		
—Held by the Populace	+ 10.1	171.1
—Held by the Financial Institutions	- 2.7	16.7
—Held by Producer Organizations	- 3.0	16.5
Total	+ 4.4	204.3

As of 31 March, the enterprise sector's total accumulated debt to the banking sphere as a whole (including discount notes held by the MNB) amounted to 469.2 billion forints, which is the combined sum of 330.8 billion forints in working capital credits, and 138.4 billion forints in investment loans. Counting from the beginning of the year, this represents a 10 billion forint (2.2 percent) increase, and compared with the situation at the end of March last year, a 53.3 billion forint (12.8 percent) jump.

Table 3. Average Monthly Interest Rates (in annual percentages)

	March 1989	December 1989	January 1990	March 1990
Interest Rates on Credit				
Due within a year	18.99	23.01	24.78	26.65
Due after more than a year	18.13	20.26	18.48	19.78
On discount notes	15.97	19.13	23.51	26.57
Interest Rates on Deposits				
Retained for less than a month	13.17	17.52	19.32	20.14
Retained for less than a year	15.07	18.98	20.54	22.13
Retained for more than a year	17.89	20.63	22.11	24.39

On the basis of information provided by the banks, in March the MNB compiled a list of 177 large debtor and permanently insolvent enterprises whose notes it refuses to rediscount without a cosigner. The list of these enterprises (which is constantly updated to reflect any changes) is regularly circulated among the banks. On the basis of this list the banks can carefully avoid rediscounting such notes.

Market interest rates—i.e., the average monthly interest charged by commercial banks and specialized financial institutions on their loans and savings accounts opened with them—have continued to rise. (see Table 2.)

The averages have been derived from extreme maximum and minimum values. For example, the average annual rate of interest charged on loans repayable within a year in March 1990, was 26.65 percent. But in this category one could find rates as low as nine percent and as high as 36 percent. Also in March, the average interest rate

charged on discount notes was 26.57 percent, with available rates as low as 16 percent and as high as 35.88 percent.

As before, smaller banks have been charging higher interest rates. According to the March 1990 figures, the average rate of interest charged on loans repayable within a year—which in the banking sector as a whole amounted to 26.65—was 26.33 percent in the case of the four largest banks, and 27.92 percent in the case of the rest. The interest rates on discount notes showed even greater discrepancies. Within the 26.57 percent overall average for March 1990, the average rate charged by the large banks was 23.57, while the rates charged by the rest averaged at 29.03 percent. As last year, this has had a lot to do with the fact that if the customer is turned down for the credit (or rediscount) he has applied for by the commercial bank managing his credit affairs, in most cases he turns to a smaller bank that is willing to extend the credit requested at a higher interest rate. The competition for credit, in other words, continues to boost the average market interest rates.

According to data pertaining to cash turnover during the first quarter of 1990, through its branch offices the Hungarian National Bank has paid out 371.2 billion forints, and collected 366.8 billion forints. To offset the imbalance, funds in cash have been increased by 4.4 billion forints (2.2 percent). As a result, on 31 March, we had 204.3 billion forints worth of banknotes and coins in circulation, according to the breakdown shown in Table 3. This figure was 23.3 billion forints higher than the number recorded a year ago, amounting to a 12.9 percent increase in nominal value. On 31 March, our total money supply was 715.2 billion forints which at nominal value exceeded the figures a year ago by about 12 percent, and those recorded at the end of the year by 2.2 percent. At the same time, the consumer price index for the first quarter—compared with the first quarter of last year—was 124.4 percent, while the figures for March—compared with December—amounted to 116.5 percent. If we consider the deflationary trend in these consumer price indexes in terms of real value, and disregard the corresponding increase in their nominal value, then we find that within a year the money supply has decreased by 10 percent, and in the last quarter by 12.3 percent, which tallies with the intentions of our money tightening policies.

Audit Reveals Abuse of Social Security Fund

25000762E Budapest NEPSZABADSAG in Hungarian
5 Jul 90 p 5

[Article by Sandor Rege: "Social Security; Accumulated Violations of Law"]

[Text] The previous government violated the law by the way it dealt with the Social Security Fund. This is the essence of a statement contained in a report issued by the State Accounting Office after auditing the Social Security Fund concerning the use of excess income.

The Ministry of Finance violated the laws in a premeditated fashion, albeit in an emergency situation. Law No. 21 of 1988 concerning the Social Security Fund provides for the purposes for which excess income may be used. The verbatim text of 4.4 is as follows: "The excess income of the Fund must not be withdrawn." Despite this provision, the Council of Ministers withdrew the 1.3 billion forints of excess income earned by the Fund in 1988. It did so based on Council of Ministers Decree No. 13 of 10 February 1988.

This, however, does not complete the list of violations. As it may be recalled, after being persuaded by the Finance Minister, Parliament voted to spend the excess income earned by Social Security during the first half of the year on housing bonds. But 4.3 of the law concerning the Social Security Fund states that excess income may be used only for the purchase of stocks or bonds guaranteed by the state. The audit established that the sales agreement for the purchase of housing bonds does not contain a guarantee by the state. But even if it contained such a guarantee one may ask: What kind of financial

guarantee could a state budget which faces economic reorganization provide, and on whose behalf?

Incidentally, the Council of Ministers also violated the constitution when it withdrew the excess 1.3 billion forints as shown in the 1988 financial statement. The constitution states that a decree promulgated by the government must not conflict with the provisions of any law.

All this is worth mentioning because according to the audit the accounting and reconciliation work of the National Social Security Directorate is not controlled by proper rules, and its present system of direction is not suitable for the management of funds. For example, there is no reserve fund, while the excess funds were withdrawn, or the Fund was obliged to spend such amounts. There is no operating reserve, because the accumulation of reserves is not tied to regulations. Incidentally, the amounts withdrawn earn a 17 percent interest, while the Social Security Fund operates on a month-to-month basis from credits received. These loans are taken out on the basis of money market interest rates, of course.

POLAND

Soviet Trade Protocol: Trade Must Be Based on Real Currency, Rates

90EP0705A Warsaw TYGODNIK SOLIDARNOSC
in Polish No 27, 6 Jul 90 p 10

[Article by Marcin Oblicki: "Trade for Unreal Money"]

[Text] The surplus of our balance of trade keeps growing. After five months, it amounts to almost 2 billion rubles and \$1.6 billion. This is the result of a profound decline of imports and a small increase in exports. On balance, the export of national income increases. As a result of this, given that the current trends continue, the decline of the distributed national income will be several extra percentage points higher than the already tremendous, 20-percent decline of the national income produced (according to CUP [Central Planning Administration] estimates). Therefore, we sell more than we buy in our trade with foreign countries. Our savings grow. Savings are expenditures postponed for a period of time. If we save, that is, do not spend the money we make, someone else, in this case our foreign partner, may increase his consumption.

To be sure, it is not obvious that at this particular moment we are in a position to restrict consumption still more than the costs of the anti-inflation operation call for by reducing it by another several percentage points by virtue of the surplus in the balance of trade. However, it cannot be helped. The government program is more restrictive than its authors announced in December, and not only on this point. For example, in the initial three months, key months for the implementation of the program, the real decline in the money supply amounted

to 51 percent instead of the 34 percent agreed upon with the IMF. A surplus of 5.2 trillion zlotys was achieved instead of the permissible deficit of 4 trillion (that is, 10 trillion more were drained from the economy than was intended!). The enterprises paid their employees 21 trillion zlotys less than indexation statistics called for.

In keeping with this logic, hard currency reserves increased by \$1.7 billion after three months instead of dropping by \$290 million, as was agreed upon with the IMF (the difference is almost \$2 billion!). Extracting such surpluses, denominated both in zlotys and hard currency, from an economy which is falling apart is certainly a big achievement, secured, to be sure, at the cost of an unprecedented recession. Given that the populace lost almost one-half of its real income within several months, production and imports inevitably declined, and a balance surplus appeared as a result.

However, there is an essential difference between dollar and ruble-denominated surpluses. At the very least, the dollar surplus translated into an increasing amount of dollars in the central bank, or real money which is convertible into goods at any time.

The situation with the ruble surplus is worse. Trade with the CEMA countries (at least official trade) continues to date back to the pre-Phoenician times. This is not a goods-and-money exchange but rather goods-for-goods barter. Every so often, the friendly governments of the former commonwealth meet and draw up bilateral trade protocols. For example, Poland is to deliver to the Soviet Union a specific amount of particular goods, in return for which it will be entitled to purchase a specific amount [of this or that], and so on. Apart from the absolute arbitrariness of the currency conversion coefficient (the so-called transferable ruble) used in these transactions (1 ruble = \$1.56) which is, as a rule, used by the stronger side, or our partner from the East, its basic flaw is found in the fact that it is not a currency but something akin to a ration card for meat. Increasing the amount of this "money" (in other words, the surplus in our balance of trade) makes no sense. Poland will not purchase in the USSR or other countries of the first [payments] zone [ruble-denominated trade] anything in excess of what has been specified in bilateral protocols. Therefore, we export these additional, "above-protocol" goods virtually for nothing.

In addition, the ruble surplus entails bad monetary consequences. For every ruble obtained in trade with the first zone, the central bank pays (through a commercial bank in which an exporter has his current account) 2,100 zlotys, that is, the money supply increases by this very amount. The surplus of 2 billion rubles after five months means that about 4 trillion zlotys have been put into circulation. The dollar surplus entails similar currency creation. However, zlotys created by dollars are backed up by "hard" currency and do not upset the monetary equilibrium. Zlotys created by rubles have no backing in either goods or money. This is an issue of absolutely hollow money which places a burden on the banking

system. Given that in the monetary field "the balance should be zero," opening one tap with money necessarily causes closing another one, or bank loans. It would be worthwhile to estimate the number of points by which the interest rate has to go up in order to offset the mass of currency which is put into circulation due to the nonequivalent ruble-denominated trade.

Therefore, it would appear that our economic policy should restrict such trade by means of more or less subtle instruments, all the more so because, as we have heard, the USSR intends to use our surplus (in the form of a stream of free goods) for servicing the Polish debt. There is a problem with this debt because it is not known quite precisely who owes whom and how much; confidential talks on this issue are now in progress. There is only one way out until the talks are over: Since imports from the first zone are declining (by more than 30 percent) the elimination of the surplus calls for restricting exports, all the more so because, to make things even worse, a considerable segment of these exports requires subsidies from the budget. Producers "do not get their dues" at the rate of exchange of 2,100 zlotys per ruble. For example, in the light industry only the rate of 2,750 zlotys per ruble would be profitable, in the food industry—3,200 zlotys per ruble, and in metallurgy—as high as 9,700 zlotys per ruble. Due to this, metallurgy, despite accounting for only three percent of exports, absorbs as much as 45 percent of all subsidies—according to approximate calculations, more than 2 trillion zlotys (incidentally, is this not one of the reasons for the strikingly good condition of metallurgy compared to that of other industries?).

The fact that enterprises themselves insist on exporting for rubles should not be surprising. Many of them have been geared only to such export since the day they came to be, and most likely their management cannot even imagine a change in this situation. Add to this difficulties with sales inside the country and for convertible currencies; exports to the East may be the only opportunity for many enterprises to unload the junk they manufacture. However, a question arises which is, perhaps, essential: Why should a segment of society (a considerably larger one) support another segment (a considerably smaller one) through budgetary subsidies and the creation of hollow money? Meanwhile, this is exactly what the ruble surplus in the trade balance means at present.

For quite a long time, there was no response to this abnormal situation on the part of our officialdom. The export of our national income for nothing, for which the state pays the bill with our money, for nothing was observed with what must be acknowledged as stoical tranquillity. The Ministry of Foreign Economic Cooperation finally came to its senses in May, and effective 1 June divided ruble-denominated exports into two categories: A "better" one which is entered in the signed trade protocol, for which the central bank continues to pay 2,100 zlotys per ruble, and a "worse" one, which is not covered by protocol (hollow rubles which cannot be converted into goods arrive this way). For such exports,

the exporter obtains only 1,000 zlotys per ruble. This is supposed to create a profitability threshold for many enterprises and compel them to abandon exports to the first zone. The lower value of dollars obtained in trade with the East—7,500 zlotys instead of 9,500 zlotys per dollar—is supposed to have the same effect. Let us explain that these are purely conventional dollars because in this trade nobody has used convertible currencies so far.

Will these measures succeed in curtailing a dangerous trend, the continuation of which would bring about the emergence of a monstrous surplus in the amount of about 4.5 billion rubles in 1990? These measures will certainly make it possible to reduce the surplus, though, on the other hand, even 1,000 zlotys per hollow ruble is 1,000 zlotys too many. No reasonable person would deny benefits which cooperation with our closest neighbors offers—provided that this occurs on normal terms, and for normal money which is convertible into goods.

GERMAN DEMOCRATIC REPUBLIC

Rising Friction Between Soviet Troops, Locals Cited*90GE0218A Hamburg DIE ZEIT in German 12 Jul 90
p 2*

[Article by Gisela Dachs: "Now They Are Even Getting West German Marks: Increasing Displeasure in the Population of the GDR About the Soviet Occupation Troops"]

[Text] Neuruppin, July—More than 100 years ago, Theodor Fontane in his wanderings through the March of Brandenburg wrote about his place of birth: "Ruppin has a beautiful setting—it is surrounded by a lake, gardens, and the so-called wall. After the great fire, which left standing only two little pieces on the eastern and western edges, the city was rebuilt in a kind of residence style. Long and wide streets bisected it, interrupted only by imposing squares in whose territory our ancestors would have had small towns built. It is like a large coat of state, which the individual concerned can never grow into because he is small by nature." For the romance writer of that time, the townscape also included the Prussian soldiers with their "red collars and lapels, which in our colorless north seemed to be called to give life and freshness to the monotonous landscape."

Neuruppin was always a garrison town that has changed little since Fontane. Only today the soldiers wear red stars and come from the Soviet Union. Just under 30,000 members of the Red Army are stationed here. Neuruppin itself has only 27,000 inhabitants.

The military airport is immediately adjacent to the edge of the city. Opposite it is the cemetery and right next to it the other two-story housing blocks for higher-ranking army personnel. The "House of Officers" built in classic style is also located there. Elke Quedzuweit simply cannot believe what the new plaque at the entrance states: "Dear residents of Neuruppin, we will respond to your questions and complaints about the members of the Soviet Army. Competent high officers are prepared to talk with you about everything. Every first and fourth Thursday in the month from 1700 until 1900 hours." The Quedzuweits have been living in this quarter for 17 years, directly under the approach air corridor of the air base. The Soviet MiG fighters take off and land behind their house three days a week from daybreak to midnight. No one has yet become accustomed to the deafening noise of the firebirds.

"So how much longer will they stay with us, now that Germany is being reunited?" Elke Quedzuweit wants to know from the major on duty. He himself cannot really say precisely, one will just have to wait, he answers. But, "two years in any case. We will not leave," the major from Leningrad hastens to add, "until the Americans, French, and British have withdrawn their troops from West Germany. Not before then." He then explains in a friendly way and in good German that a videotheque for

Russians and Germans will soon be opened in the House of Officers. Frau Quedzuweit is again unable to believe it: previously, to be sure, German-Soviet international friendship was always talked about by the SED [Socialist Unity Party of Germany], but this was the first time that she had heard of a facility of mutual benefit. After all, formerly there were hardly any encounters between the two population groups other than official events. And this is not just because of the language barrier. Contacts with Germans were quite simply "not desired" for members of the occupying power.

It is not without reason that the Soviet Army is making an effort for better contact. There has been increasing discontent among the citizens in past months about the Russians stationed in the GDR—with 360,000 soldiers and 120,000 family members, they are the largest contingent of troops outside of the Soviet Union. This problem is becoming more and more acute and is threatening to take on a scope of overall European dimensions, warned Defense Minister Eppelmann last week. For the first time, on 21 May, there were dangerous excesses in a demonstration in Neuruppin: the people had kicked down the barbed wire fence of the airport grounds and had advanced as far as the runway to protest against the continuing nuisance.

A few days before that, the nearby area for the dropping of bombs, covering 120 square kilometers—supposedly the largest in the GDR—had again turned out to be too small. Three training bombs fell on the village of Raegelein. Two of them went through the roof of a cow shed and the third just missed some children who were fishing at a pond. A few years ago, a Soviet bomb even exploded.

Once again a pastor took the initiative. Heinz Karau collected 6,000 signatures and complained in writing on behalf of the population to Gorbachev, the commander in chief of the Western Group of the Soviet Armed Forces, the presidium of the disarmament conference in Vienna, Prime Minister de Maiziere and Defense Minister Eppelmann. He has not yet received any responses. A citizens' initiative has now been established in Neuruppin that is advocating the total demilitarization of the airport. "Do not forget that an aircraft of the Soviet occupation army makes just as much noise as a German aircraft or a NATO aircraft," states the appeal. A group of pickets is supposed to be set up in front of the airport grounds prior to World Peace Day on 1 September. "There is a total lack of understanding in the population about the fact that they still train for war over our city, despite the fact that the political situation has changed radically. The old training practices have not been abandoned at all," says Heinz Karau. At the same time, he stresses explicitly, the protest is aimed only against the airbase and by no means against the Soviet fellow citizens. But not everyone is able to differentiate in this way.

At the entrance to the town hall, someone has thrown away a piece of paper on which "Russians out" is scribbled in pencil. Such hostile tones can be heard more

and more often now. Yes, the mood is explosive, says mayor Silke Brinkmann. There were problems above all prior to the currency union. The GDR women accused the Soviet women of buying up the goods and not leaving anything for them. "The consumer goods were balanced for the inhabitants and not for the members of the military. There have already been brawls in front of the children's clothing store. The German women were angry because the officers' wives had time all day long to stand in line," relates Silke Brinkmann. Now, when there are enough goods for all, the greatest annoyance, says Pastor Karau, is that the Russians are also getting the Deutschmark. "Why?" asks a woman citizen of Neuruppin, "We have dragged them along for years but now it must be enough."

For 30-year-old Nadya, who is married to a Soviet captain and has lived in the GDR for three years, the envy of the East Germans is incomprehensible. "The citizens of the GDR also went shopping in the West, because there was nothing here. Things are much worse for people in the Soviet Union but they resent us for it when we buy something for them." It has often happened that a saleswoman has refused to sell something to her. She herself works as a salesperson in a Soviet store but would never think of not serving Germans.

For Nadya and most of the members of the military, the return to the USSR is a step into the unknown. There her family can look forward to a shortage of housing and a much lower standard of living than in the GDR. In Neuruppin, she lives with her husband and seven-year-old son in a room with the use of kitchen facilities. They pay 70 marks a month for this. This month, for the first time, the couple received their pay in Deutschmark: DM800 for Nadya and DM900 for the captain plus 300 rubles. Nadya bought a used Lada just before the currency reform; she did not know until quite recently that she would also be allowed to exchange her savings for Deutschmark. At the end of June, in coordination with the FRG, Moscow and East Berlin came to an agreement that the Soviet soldiers in the GDR and their family members could in general exchange their deposits in East German marks in the field banks at a rate of two to one. For the second half of the year, the Soviet Union is receiving DM1.25 billion for its troops. In exchange, Moscow repays 255 million transfer rubles, the amount of the GDR's claim to commodity deliveries from the USSR.

Nadya would now like to drive to West Berlin sometime but unfortunately that is not allowed. And this is not made easier by the fact that there are no more controls along the internal German border. "We have our own Stasi there, who watch out," says a Soviet officer.

For a week now, there have been no more extra earnings for officers' wives. In Neuruppin, they have worked on call in textile processing, the shoe industry, in the hospital, as cleaning women, in picking strawberries and in the slaughter house. "All 20 of our Russian women have now been let go. They were always diligent and willing to

do menial tasks. But we no longer had enough work," relates Martha Kirschnick, who is employed in the VEB [state enterprise] Slaughter Goods Processing and is worried about her own job. In the day nursery, a Russian woman is being allowed to continue to do cleaning work until the employment office fills the position officially.

What they save serves mainly to provide their family members in the Soviet Union with goods in short supply. It has also frequently happened that officers deal in the black market, especially to obtain foodstuffs. "The Russians bartered with the agricultural cooperative," reports a widow whose husband had worked for an LPG [agricultural producer cooperative]. "The officers offered fuel and coal for grain and potatoes."

The citizens of the GDR have a hard time continuing to tolerate the presence of Soviet troops in their country, especially since the currency union. They are complaining ever more loudly about the damage and stress on the environment caused by the occupiers: destroyed landscapes, ground water contaminated by old oil and kerosine that flows into the ground unfiltered, inadequate sewage treatment plants in the barracks, forest fires, damage from maneuvers....

In the future, Erich Rochow also wants to demand compensation. His parents had built a house in the 1930's that was requisitioned by the German Wehrmacht during the war. It has been "occupied" by the Russians since 1945. Today eight officers' families live in the two four-room apartments. For this he receives just 217 marks from the city every three months.

Crime among the occupation soldiers is staying in bounds. Among the most common offenses are thefts of bicycles and burglaries. "You can tell right away when it was soldiers," says Wolfgang Quedzuweit. "They steal mainly foodstuffs. After all, none of them is fat. They are simply hungry. No, no one really has anything against the poor little soldier who gets just 25 marks a month."

When you get down to it, thinks Wolfgang Quedzuweit, the Russians should be thanked that the GDR is now a free country. It was Gorbachev who first allowed the opening.

YUGOSLAVIA

Severe Measures To Increase Serbian Population
*90BA0257A Belgrade EKONOMSKA POLITIKA
in Serbo-Croatian 23 Jul 90 p 13*

[Article by Lj. Zivkov: "Instigation From Below"]

[Text] Whoever reaches and passes the age of 30 in Serbia without having had a single child can count on paying a fine that the state (the Republic) will introduce in the foreseeable future. This praiseworthy innovation, which has already been in the works for a long time—in spite of part of public opinion, for which the freedom of the individual is more important than increasing the size

of the nation—has become part of a resolution on the foundations of a unified policy for renewal of the population in Serbia. The new regulation would affect every employee who reaches middle age without having had a child, even though it may be claimed that having children is not part of anyone's job description.

The tax was also going to be a threat to those who have devoted themselves to a bachelor way of life, i.e., those who have not seen fit to get married (or have not found anyone) by their fourth decade, but this was decided against: not so much because marriage itself may seem more convenient to anyone than paying a tax, as because of the fact that a considerable number of married citizens are not making children, or at least not having them! The press announces that about 15 percent of marriages in Serbia are sterile (an assertion with which the spouses may not agree, but which means in administrative language that they have not had children). The legislature is therefore showing its cards: it does not care primarily about the money that would enter the state treasury, nor is it offended by the unmarried and long-playing premarital life of its citizens; the state needs quite young subjects, and citizens will not have to pay if they provide proof that by age 30 they had at least one single baby, whether it was the fruit of marital bliss or of an unmarried adventure.

The lawyers are still arguing about what to do with those who become parents only in the fourth, fifth, etc. decades: whether they would simply be exempted from paying the tax (as when a television is registered), or whether they would have to answer for the offense that they committed before age 30 until the end of their working career or life? Some people think that they (those who become parents after 30) would have the right to a so-called restitution of the money paid before that time, because having a baby, no matter how late, would void the offense that was the source of the fine.

Those for whom intimate feelings are more important than interests, i.e., increasing the nation, claim that the state is brutally interfering in the private life of its subjects: citizens do not all have to want children, and finally, not every subject can have a child; or, perhaps, one could, but cannot do so with the partner he or she has chosen.

Perhaps that is true, but the state is not forcing anyone to do that. In the first place, it is waiting. One could say that it is tolerantly and patiently waiting to see: whoever is sterile, should get treatment; whoever is alone, should find a way to cope; whoever cannot conceive and have a child with his or her chosen partner should seek a better (more fertile) opportunity; whoever omits all of this, should pay the tax and live his selfish and sterile life!

At any rate, having a single child is enough to avoid the tax, but not to curb the white plague (what a coinage!): if those in power and those who seek power in all of our alienated and disunited peoples have one thing in common, it is fear of the white plague that we have just

mentioned. The same fear links Slovenia and Macedonia; there is a shortage of Serbs, so to speak, in Serbia; in Croatia, there are even too many of them (Serbs), while the shortage of Croats is more serious than ever before, and may be even more serious unless something is done; it is worst of all (!) in Vojvodina, if we can believe the press...

You could also read apocalyptic predictions in the newspaper that you are holding in your hands (28 May): "Demographic predictions indicate that the population of some of our peoples (Serbs, Croats, Macedonians) could be cut in half over the next 100 years, and drop even more later on; they could become extremely small peoples, or some of them could even completely disappear."

God preserve us! Rare plants and trees are placed under the protection of the state, monuments, rivers, and individual animal species are preserved, but peoples—and peoples like ours—are threatened with the danger of becoming small!

It is self-evident, of course, that it is much more convenient for a people to be large, i.e., populous. It is only when it becomes large, or larger than neighboring and competing peoples, that a people can demonstrate all of its nobility and tolerance. Clearly, no people would use its large numbers to impose anything on any other people. Even if a people wanted to do so, its leadership would resolutely thwart it. No one wants to use his numerical superiority as a force, as a property, or even as voting strength. Each of our peoples loathes majority tyranny, and its chosen leaders even more so; the parties that bear peoples in their names and programs, and probably also in their party hearts, also advocate freedom of the individual and democracy, but each of them holds that such exalted goals can be achieved only with direct assistance from the people, namely the people whose name it bears, and the larger the people is, the larger and more productive that assistance will be.

But who is keeping it from increasing (multiplying) if it wants to do so? Many peoples are making beautiful progress in that respect: global world statistics threatens that in the foreseeable future the planet's population will be tripled, and that starvation will be guaranteed... Oh, no! Precisely for that reason: foreigners are multiplying and newcomers are multiplying, but we, who have been here from time immemorial and who have given so much to the world's heritage and would give even more—we are supposed to become ethnic small-fry in a millenium or so?

And in fact, almost every one of the rapidly appearing and rapidly disappearing parties deals with seeking a remedy against the white plague: most of them are against abortion, i.e., against the right to abortion, and the campaign takes various forms: Dr. Antun Lisac carries three fetuses in formaldehyde around Croatia and frightens people with them; there is also a campaign in Slovenia against the "murder of the unborn," and in

Serbia there are parties for whom abolishing the right to an abortion is not enough: they would subject Serbian women to specific chemical measures in order to increase fertility...

The propaganda campaign that is supposed to give birth to as many children as possible (of a given nationality) has not even spared Vuk Karadzic: Dr. Vladimir Horvat, at a forum held in the Youth Center, was the first one in the world to point out what a far-reaching blessing it was that the Karadzic family had not resorted to abortion: "Many of our giants were born as the eighth or thirteenth child in the family. Vuk Karadzic is one of them. What could we have lost if the same logic had been followed in his case that the proponents of abortion are advocating?" Horvat asked (EKSPRES, 21 June).

Whoever plays the lottery must admit that Dr. Horvat is right: with no children, you are exposed to expense and a solitary old age, and with 13 of them you are participating in a game that can yield a giant or a genius.

Young people, in contrast to the state, church, and party, are not, one might say, paying any attention to the nation's numerical size. Concerned about themselves,

they do not even care about alarms like the one saying that "it is worst in Vojvodina." Some of them even ask the challenging question, "Who is it worst for? With the exception of couples that cannot have children (which can be a private family misfortune), who is it 'worst' for just because of a mere statistical fact or prediction? Why would a people have to be more and more numerous? Perhaps it is living in such a way that it is precisely the drive for survival that is discouraging mindless propagation. Perhaps, while we are grieving that there are so few of us, we could ask ourselves why we are not better, or at least why things are not better for us.

But even if things were better for us and if we were better, we would not have to take the birth rate into account at all: that is a statistical category that the individual has nothing to do with and does not have to have anything to do with, as long as he holds onto part of himself, his integrity and freedom. Without worrying about the global results, he can have many more children than average, or else perhaps in the future as well, Lec's advertising slogan for contraceptives will have meaning for him: "The unborn will bless you!"