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CZECHOSLOVAKIA

Women Among Havel's Assistants

90CH0059A Vienna DER STANDARD in German
11 Mar 90 p 4

[Article by Monika Czernin: "Vaclav Havel's Guardian Angel"]

[Text] "One day, when we held a joint press conference, Havel introduced me to the people saying: 'This is my guardian angel.'" After a long interview on a sunny afternoon, Eda Kriseova is seeing me to my car in the dark. A Saturday kind of quiet reigns in the writer's nice grand-bourgeois apartment in a Prague residential district near the Square of the October Revolution. Through the window, one can see the spires of the city. A bottle of red wine is standing on the table.

Every morning Eda Kriseova takes the 15-minute walk across to the Hradcin, the Castle of Prague, to begin her workday at the president's side. She is one of Vaclav Havel's personal advisers, one of the so-called cultural college, which is also the target of charitable mockery in Prague: with it, the president can stage his plays, for it consists of a musician, a director, an architect, a painter, and her the writer. At present Eda Kriseova and her colleagues receive no pay.

Until the election in June, the money continues to flow into the coffers of the staff of President Husak, who resigned in November. But Vaclav Havel preferred to work with friends and persons enjoying his complete trust. Thus, it also happened that Karl Schwarzenberg, a 53-year-old hotelier and landowner from Austria, heeded the call to the Hradcin and since that time has devoted himself to the delicate task of recruiting compatriots driven out and expelled by the former regime to participate in the effort for a new, democratic Czechoslovakia.

Vera Caslavka, a participant in the Olympics who became popular as a result of her protest against the smashing of the Prague Spring, is dealing with social problems, and the young journalist Sasa Vondra, spokesman of Charter 77 in 1989, is the most important adviser of Vaclav Havel in foreign affairs. The staff of advisers of the Czechoslovak president is not only causing a sensation by its willful composition; it also has unusual tasks. Describing her daily routine, Kriseova says: "He needs us urgently now, and we, his friends, cannot now leave him alone up in the castle." She researches and looks for material for his speeches, edits them, and is his most important critic. She accompanies him on trips abroad and is also the one to deal with literature, the writers, and the Writers Association.

As well as the people from Czechoslovakia, the many foreign delegations, companies' representatives, and artists have to be taken care of. "Five people sit around you, talking to you at the same time, and all telephones ring around the clock." Innumerable persons travel to the

capital from all over the country and wait for many hours to see the president. Some bring presents, some are so impatient that they want to smash windows, and some threaten to set fire to the castle.

The president's personal advisers must talk to all these people, listen to the stories of their lives, and console them, give advice to those whose lives were destroyed by the totalitarian regime. It is a unique situation, between basic democracy and monarchy, but more monarchy, because which president is visited by his citizens in joy and in sorrow and presented with gifts and pleas? "There are so many problems now, after 40 years of totalitarianism, and the people trust only new faces," says the writer, tired. Tired like all the people I meet in Prague who are tinkering with the new democracy. They are always on the verge of exhaustion.

"Havel works 20 hours every day; so we simply have to come up with an equal amount of energy." Sometimes, her eyelids heavy, Eda looks past me through the window.

Her movements are slow, as if the slightest change would hurt. And yet she talks gladly and is perhaps relieved at being able to talk for once, to be listened to, just as she devotes her attention daily to hundreds of people.

On 17 November, the day of the brutal attack by the special troops of the Ministry of the Interior against the students, she was demonstrating with her two daughters, and right after that she went to the Civic Forum. "I told Vaclav, 'I am at your disposal.'"

She laughs softly and says: "It has stayed that way so far. Give the devil a finger and he takes your whole hand." During the entire revolution Eda Kriseova was the spokesperson for Vaclav Havel, wrote interviews for him, and attended overnight discussions during which plans were made on how to negotiate with the former government.

The only woman in a gathering of men. A men's revolution? Not quite. I have no trouble recalling a whole series of women—for instance, Rita Klimova, who used to interpret at press conferences of the Civic Forum and has now become the Czechoslovak ambassador to the United States, or Charter member Dana Nemcova, who is now a representative in Parliament and is working on reforming the Czechoslovak educational system.

But the women of the revolution are not loud; they operate in the background and are—God forbid—not feminists. With this term I generally provoke laughter in Prague and am not taken seriously, until Eda Kriseova explains this aversion: "It is a reaction to the 1950's. At that time we were told by communist propaganda that women have the same rights as men. That was a lie, though. Worse than in the West, women suffered under the double burden of job and family. My children had a bad time with their mother. We mothers were always nervous and overworked."

There is a traditional reaction to the discrepancy between the actual role of women and the theoretical ideal. "Men should earn enough, so that women can stay at home in order to enjoy their children at long last." Eda never had enough time for her children. Until 1969 she was a star reporter, loved her profession, and lost it. "I lost my job and my name," she says.

After the shock of the smashed Prague Spring and her abruptly finished career, she started writing literature. She worked on the side to earn money for her children and her husband, who was still a student. "I was so desperate that I thought I was going crazy." She tried to forget her painful isolation by working in a hospital for mentally disturbed persons. Her experience with people excluded from normalcy was reflected in a collection of short stories entitled "The Crossway of the Coachman."

"I could hardly wait for the kids to be in bed so that I could write in peace. Literature saved my life."

Soon she was discovered and published by underground publishers, and soon by Czechoslovak publishers in exile, for instance by "68 publishers" in Toronto. In her own country she remained banned for 24 years. Now her books are coming out. Publishers compete for them. But she does not want to come up with more than three books this year, and no more than two the next. That would be writer's suicide.

"Now that I could make money writing, I have no time for it," she complains. And after the elections? "Don't talk about it; I don't even want to think about it." What she wants to do is write.

So would Havel if he could, she says. I don't quite comprehend this devotion to destiny or this historical responsibility which has turned so many of the university educated into politicians here.

"Of course, I also find political work psychologically interesting," Kriseova admits, at once looking less ready for sacrifice. "Perhaps, some time later, we will be able to return to our profession to some extent. But the circle of advisers has already been institutionalized somehow, and so, willy-nilly, there will also be one after the elections."

[Aside from a photo of Eda Kriseova, the article also features photos of three other women, with the following legend: "The political upheaval in Czechoslovakia is not only a revolution of men. Rita Klimova, for instance, established the connection with the outside world for the Civic Forum; today she is ambassador of the new Czechoslovakia to the United States. Marta Kubisova and Olga Havlova too are among Havel's advisers."]

New Election Coalition Announced

90CH0046B Prague REPUBLIKANSKE LISTY
in Czech Apr 90 p 1

[Text]

Free Bloc

The Republican Union formed an election coalition with other political parties and socio-political movements:

Fundamental Principles of the Program

The goal of the Free Bloc is the creation of a society in which each individual can freely develop in accord with his aspirations. The coalition considers freedom of the individual to be the basis of a free society.

The Free Bloc holds the opinion that there is a direct connection between political and economic freedom and that they are interdependent. The Free Bloc considers the basic axis of Czechoslovak economy to be the fullest introduction of private enterprise. We shall strive to realize our goal that all properties in this country have their specific owners. In the economic sphere, we consider it paramount to create a system where human labor and all other things will have their true value restored. That is how we want to open the way to a market economy which we consider to be the only course leading to individual and national prosperity.

The fundamental idea of the Free Bloc is the implementation of a pluralistic political democracy. In relation to the individual, the state should have a coordinating function. We want a strong president, a parliamentary system, a separation of powers into executive, legislative and judiciary power. State administration must be decentralized in accord with local needs.

The Free Bloc holds the opinion that implementation of an efficient system of social security is an essential contribution to the economic and political stability of the state.

The Free Bloc will actively pursue the goal of having our country again become an integral part of democratic civilization.

We see our ideological allies in the modern political parties of the free world: the Republican Party of the USA, parties based on the classical concept of liberalism, the Conservative Parties of Canada and Great Britain, the French Association for the Republic, the liberal parties of Japan and Australia, and all parties of the International Democratic Union (IDU).

REPUBLICAN UNION
PARTY OF CONSTITUTIONAL DEMOCRACY
PARTY OF FREE DEMOCRATS
CZECHOSLOVAK DEMOCRATIC PARTY
PARTY OF CZECHOSLOVAK NEUTRALITY
INDEPENDENT ASSOCIATION OF SAINT
WENCESLAS REVOLUTIONARIES

The Republican Union made available the facilities of its center at 14 Siroka Street, 110 00 Prague 1, Tel.: 232-55-45 for the combined meetings of representatives of the individual parties of the Free Bloc.

Contact: Siroka 14, 110 00 Prague 1, tel.: 323-55-45

Prague, 13 March 1990.

Daily Rejects New Name for Republic Proposed by Slovaks

90CH0050A Prague *LIDOVE NOVINY* in Czech
28 Mar 90 p 1

[Article by Jiri Hanak: "Unfair and Therefore Unacceptable"]

[Text] The Czech lion on the coat-of-arms has experienced much and it seems that the testing of his patience is not over yet. No sooner did he get back his royal crown, the symbol of independence, when already there is probing to see how much the old dear can take. On the proposed halved coat-of-arms he is squeezed into his half like a hardly breathing passenger in an overcrowded bus, on the proposed quartered one he artlessly completes a small zoo: some lions, some eagles. And it is said that he has already also lost his footing on the presidential standard as well. Truth will no longer prevail in Czech, because it cannot prevail at the same time also in Slovak. It will prevail in Latin. *Veritas Vincit* will be there. And on top of all these vexations they are about to fix his fangs with a hyphen, the minus symbol.

Not just the lion gets a toothache out of all this, but also 10 million Czechs. I do not have in mind those primitives who compensate for their feeling of inferiority by calling "beat the Hungarians" at sports competitions; or those who do not differentiate too precisely and who are ready to consider the last 20 years as a total dominance of Slovaks over the Czechs; even though the team Husak-Bilak counted for a lot. I have in mind the majority of us who never doubted Slovakia's right to self-determination, independence and its own identity—but precisely as far as that hyphen. Because let us not fool ourselves or others: that hyphen does not join, it divides. If it is to be just an opening tactic to what it actually is an opening tactic, let it be said straight out.

We consider the strict demand of Slovakia for the hyphen in the name of the republic a tactlessness and a brutality. Tactlessness, because the last time a hyphen appeared there was during the tragic post-Munich days and it is linked with them forever. Brutality, because it forces upon us—by whom, why, and by what right?—the non-existent name for Bohemia: Cesko or cesko, it is all the same, it always comes down to the demeaning "tschechei". [Translator's note: The Czech name of Bohemia is 'Cechy,' not 'Cesko.' During the German occupation of 1939-45, some Nazi functionaries used the derogatory term 'Tschechei' as substitute for the standard German 'Boehmen' (Bohemia). 'Tschechei' was then translated by them into Czech as 'Cesko'.] Not even Antonin Novotny committed an act like that against Slovakia, although otherwise he was busily writing "golden chapters" into mutual relations. His offensive impromptu remarks in *Matices Slovenska* in 1967 are, in comparison with this, the innocent prattle of a clown.

The hyphen has a bitter and bad taste even in the broader context of current events. Our republic is setting out "for Europe", that means, the world. If we do not

make our way there on the basis of humanistic, democratic, and economic qualities, then we shall not slide in there on the hyphen. Not we, not Slovakia. Or is perhaps this artificial division and building of barriers in accord with events in Europe? Is the hyphen some kind of philosophers' stone which will help the Slovaks to cope with the unrest on their southern and eastern borders? What irony! After all, when the hyphen appeared the first time, Slovakia lost its entire southern borders and the town of Kosice.

Every state, in order to enter indelibly into the political conscience of the world, must stay for years and years within unchanging attributes. We are a young state, and for the fourth time within one lifetime we are to change its name. And, what is more, in a way that is offensive and therefore unacceptable to two-thirds of its population. I therefore propose to take a stand against the hyphen.

We have a clear conscience. The Czech part of the state does not owe Slovakia anything for which it would have to be punished by that humiliating "cesko". On the contrary, we shall magnanimously overlook all the arguments about the genocide which allegedly was being practiced in Slovakia by the First Republic. We will not search in old statistics for the contributions of the First Republic to the constitutionalizing of Slovakia. Good deeds, if they were done, must be their own reward, otherwise they are not good deeds but calculating self-interest. We will not enter into more discussions about the billions which were poured from the larger part of the country into the smaller one. That was in the past. But we will not allow ourselves be punished for something we did not do. But that also happened. As part of the basis for our opposition to injustice, we will quote the words of Anatole France about some "democratic" leaders: "Since they cannot permit themselves hope for the future or far-reaching ideas, they will use the pitiful means of their quickly passing existence.... They will look only to intrigues and lies. They will fall from such a low level that the impact will not harm them."

Political Program of Republican Union Published

90CH0052A Prague *REPUBLIKANSKE LISTY*
in Czech 28 Feb 90 p 1

[Editorial: "Platform of Our Party"]

[Text]

Republican Union

A party which stands for the revival of the principles of a free, democratic, and independent Czechoslovakia.

A party of citizens who are creative, industrious, and proud of their citizenship in the Czechoslovak Republic.

A party which supports the free development of man's individuality in all spheres of life.

Political Program of the Republican Union

The individual is the foundation of society; only he is the creator of all values.

Therefore, the Republican Union stands for the maximum freedom of the individual and the all-around development of his physical and spiritual powers. Any discrimination for reasons of race, skin color, sex, language and religion, political or other views, national or social origin, property, parentage or other status, must become inadmissible.

It is our belief that individuals with the most initiative are people who possess an entrepreneurial spirit, who take risks and devote all their skills, time and property to the creation of new values. Therefore the Republican Union supports entrepreneurship in all its forms.

Modern society must be based on humanism, love for one's fellow man, and a feeling of mutual congruence; it creates a sufficiency of resources from which it can meet the basic needs of its citizens. Therefore the program of the Republican Union is to have society guarantee a basic living minimum for each of its citizens. Means above and over this basic security the citizens will have to earn themselves by their industriousness, initiative and abilities. At the same time the Republican Union stands for utilizing the work and creative potential of citizens with physical disabilities, health problems, or other impairments.

The economy of a society depends on the entrepreneurship and work of its citizens. The law of economics works independently and any interference with it causes a slowing down of development.

Therefore the Republican Union calls for a speedy introduction of a market economy, equality in property relations, inviolability of property and no limits on its amount, as well as a guarantee of a free disposition of property. The Republican Union wants to ensure that citizens become true owners of the means of production through the reprivatization of state enterprises. We reject any kind of economic monopoly. Everyone must be rewarded consistently according to the results of his work.

The Republican Union also supports the claims of citizens who were harmed in the past for political reasons or suffered property losses.

People create a state for their protection and guarantee of common interests.

Therefore the Republican Union demands that the state performs only those tasks with which it is charged by society. Citizens must have control over all activities of the state. The state may intervene in the economy and in the life of a citizen only when absolutely necessary. The state can restrict citizens only when their actions cause

harm to others. The state can incur indebtedness only for a precisely established purpose and only with the consent of society. The Republican Union wants a rational, simple, nonbureaucratic state apparatus essential to the performance of tasks of the state. The law must be simple, brief, and intelligible to everyone.

The Republican Union calls for the decentralization of the state administration. It must respect historical specifics of our countries and the nations living in them.

Czechoslovakia must become a worthy component of the society of democratic, free countries.

Therefore the Republican Union will work toward the incorporation of Czechoslovakia into a unified Europe and for abolishment of all military alliances.

Culture is the manifestation of the spiritual maturity of every nation.

Therefore the Republican Union will promote life in a cultured, healthy, ecologically unimpeachable environment. Its goal is to have esthetics become part of everyday life and the lifestyle of every individual, because culture has an inverse influence on people's positive moral qualities. And that is the kind of society we want.

Secretariat: Evan Samuhelova, 182 00 Prague 8, K ovcinu 1506/27. Tel.: 85-87-627, or 232-55-45.

Positive Role for Social Democracy Defined

*90CH0058A Prague PRAVO LIDU in Czech
13 Apr 90 p 5*

[Article by Milos Zeman: "Commitment to the Preservation of the State"]

[Text] To my astonishment, Mr. Premysl Janyr asked me to write an article for PRAVO LIDU. He did not know yet at that time that I am preparing a commentary for LIDOVE NOVINY which says positive things about Social Democracy, and so I found myself in an embarrassing situation: Am I to praise any political party whatever in its own journal? Of course not. Therefore this article will be about something else. It will be about the task and responsibility of future political parties committed to the preservation of the state.

Commitment to the preservation of the state seems to be a fairly old fashioned concept. But its renaissance becomes meaningful at the moment when we realize that a new, fragile state is actually coming into being here, and it will need support. And if the political parties do not give it that support, then nobody will.

Social Democracy is in a special position in this respect. It is predestined to defend above all the interests of working people, and therefore it is in a certain sense a party of the professionals. There would be nothing easier than to refuse any sacrifices and adopt Gottwald's slogan: not one man from a factory, not one penny from

a wage. All that in a situation when it could successfully fight for space for social demagoguery with the Communist party.

Do not fight for that space! To be cocreators of the state today means to understand the vulnerability of the transitional period from totalitarianism to democracy and to make this period as brief and as transitory as possible. Even if we look with envy at our more developed neighbors, we forget that reaching such a state of development took decades. In the meantime we lived in a period when an unwritten pact existed between the people and the government: The government will ensure everyday social certainties for the people, will not require too much work, and the people in turn will pretend that they agree with it. If there had been such a pact in existence in the countries with which we sadly compare ourselves, they would not be developed today.

We all lived on credit, because the pact guaranteed that we would get more for our work than its real worth. It made no difference that we often worked too hard, the results of that work disappeared beyond recall. We do not criticize the past regime only because it exploited us. We criticize it above all because it made us forget how to produce work of real worth. When we add together the construction and the demolition of Stalin's statue in Letna, the result is practically zero, although many people toiled very hard on it. And today we have here a majority of such, perhaps less conspicuous, monuments of production for production's sake.

If you receive even a relatively low wage for your work whose actual results, however, do not match it, someone has to make up the difference. The past regime solved the problem by living at the expense of the future. If a tile fell off the roof, it consoled itself by noting that most of the tiles were still there and calmly let the water pour in. Repairs are, after all, an investment for the future. When the ever less efficient economy called for ever greater numbers of a poorly utilized work force, the regime restricted access to higher education. Education is, after all, also an investment for the future. And when the forests began to die and in the rivers flowed poisoned water, it did not have the strength or the will to start building truly efficient ecologically sound projects, because they would have taken another slice from the pie of immediate consumption for the present.

The Communist regime was in reality afraid of the blue collar workers. It created a hypothesis that they will rise up against it only when the shops are not full. That is why it kept those shops full at all costs. Unfortunately, the hypothesis turned out to be wrong. However, the debt to be paid in the future, and which has been accumulating for 40 years, remained. And now we are in a situation when we must pay it.

It will mean a substantial change in our working habits and our consumption. This change will cause an understandable resistance particularly in the more backward sector of the population. They may even begin to

remember Milos Jakes with warm feelings. Social Democracy should not flow with that stream. Its true strength could be in an effort to implement employees participation in the management of future businesses, not in an unproductive struggle to have three people work where two would do. It should make an effort to broaden the opportunities for selling workers' shares instead of pushing for wage increases that would only start another round of the inflationary spiral. And probably very soon it will also find a common language with independent trade unions.

Today, there is one specific function for our socialist parties. They should convince a substantial part of the rank and file members of the Communist party that their participation in the building of a new state does not consist in hysteria and disturbances but in the patient creation of true social certainties by responsible and worthwhile work. Paradoxical as it may seem, the Communist Party today is one of the reservoirs of the socialist parties. As an institution, however, it is too closely linked with our past history to be able to play a longtime role in the building of the state, and it is destined to become at first a relatively significant, later an ever more negligible, opposition.

Of all the political parties and movements today I find the Public Forum the most sympathetic, not only for its crucial role in the November revolution, but also because it was the first one which included in its election program the unpopular appeal for willingness to make sacrifices. Political responsibility today consists in requirements, not promises. At the same time it is my subjective belief that even the Public Forum will sooner or later evolve into a centrist, liberal party, defending above all the interests of civic self-government. This party will probably govern in a coalition, and it would be desirable that the left center also be part of that coalition. In the interest of balance it is essential to defend—even with reference to the West European experience—the socialist oriented parties from being discredited, which is an objective outcome of the past communist regime. The right center does not need to have such concerns. If it had a sense of humor, it should even give the Communist Party a medal for the significant contribution it made toward restoring the healthy conservative values in our society precisely by suppressing them so stupidly. Social democracy cannot give such a medal. It can only point to the fact that for 40 years we were led by a counterrevolutionary antisocialist right.

Reader Complains About Communist Activities

*90CH0046A Prague LIDOVE NOVINY in Czech
11 Apr 90 p 6*

[Letter to the Editor by V.K., Prague]

[Text] To the editor: I used to go to your editorial offices when you were a daily—to buy LIDOVE NOVINY and send it to people in the countryside, so that they could read about current events at this level.

Now they are already buying it themselves, but they are disappointed. The elections are coming up, and LIDOVE NOVINY is writing more about the world than about current events here. LIDOVE NOVINY should be full of news about what the CPCZ used to do and what the Communist Party of Bohemia and Moravia is doing now. It so happens that the countryside is overwhelmingly under their influence, everything there is as it used to be in the old days.

On Thursday, 5 April, there was a large demonstration on Old Town Square. The news on the radio spoke about "a few hundred", and in such a distorted way that we became alarmed and even called the director Dr. Pavlicek. The television reacted to the demonstration only in their program on current topics "Actuality", and in their main news program only a day later. But what about SVOBODNE SLOVO, for example, and other newspapers? They did not even report properly that this was a demonstration that ended with the call "Abolish the CPCZ [Czechoslovak Communist Party]!" LIDOVE NOVINY gave it short shrift with only one sentence... No one reacted to the best speech given by author Eliska Horelova, in which she quoted her letters addressed to the former prime minister, and now CPCZ chairman, Adamec, to which he did not take the trouble, and is not taking the trouble now, to answer by even a single line—so that people in the countryside could read about what happened in Prague, what was said on the crowded Old Town Square where people shouted "Abolish the CPCZ!"

You should write a lot about what the Minister of the Interior Sacher is doing. On 7 February VECERNI PRAHA published an article entitled "Cuckoos' Nests": if you know about them, publish it. It concerned safe houses. What can one think, honorable editor, about a minister who to this day has not seen to it that all these safe houses are immediately sealed? They are diligently working there night after night and plotting Operation Wedge in order to confuse and frighten society. They work there at full speed all the time. What happened to the addresses which were sent to the Prosecutor's Office, Prague, Lidovych Milici Street 13, 120 00, code name Operational Points? Did someone diverted them before they reached their correct destination? Probably yes: If you wish, I will give you details about one quite specific case of a safe house which was already reported in three places—but to this day nothing has happened. (...)

I told all about this to Ludvik Vaculik. The spring is here, 1990, an idyll, and these days you should precisely define the situation here and tell people frankly all about the crowds and what totalitarians are doing to win the elections. Not to vote amounts to supporting the old order here. I beg you, talk about everything in LIDOVE NOVINY and very loudly at that. Mainly that the Communists and the State Security are one and the same, and that the fear that is gripping people now is their handiwork.

Dear editor, I shall keep a copy of this letter. I have confidence in all of you that you will not disappoint us and that after the elections I shall not weep over this letter. How happy I would be not to have been mistaken...

Your V.K., Prague

Ed. note: The writer is known to the editors, we decided on our own not to publish her name.

HUNGARY

Elections: Failed Individual Candidate Races Analyzed

25000699C Budapest NEPSZABADSAG in Hungarian
11 Apr 90 p 3

[Editorial by Laszlo Hovanyecz: "Sizing Up the Individual?"]

[Text] Few other sentences have been uttered more often by candidates for representative than the self-confident statement: "I accept being sized up as an individual."

Following the first round of elections on 25 March, one could tell what was already suspected: In these elections not just the individuals would be sized up, because only five of the 176 representative mandates were assigned. At that point, however, smiling party spokesmen assured us that this was a natural phenomenon, because voters were confused in orienting themselves among the large number of candidates and the numerous parties. Wait for the second round of elections, they encouraged voters. And in the second round what could be expected with a rather high degree of certainty after the first round occurred. On a regular basis, in a majority of the precincts, voters cast their ballots for parties, or, to be more accurate perhaps, for trends.

True, in the first round of elections the unsuccessful efforts of Imre Pozsgay whipped up so much dust that they blurred the view of those parties who invested most of their energy in bringing that dust into motion. The "Pozsgay Syndrome" was shocking indeed. The Hungarian Socialist Party [MSZP] did not have many chances it could afford to miss, yet they made the greatest possible mistake when they ran Pozsgay as an individual candidate—a person who has become the most attacked political figure since last summer by the opposition and by his own former and present parties. The Hungarian Democratic Forum in part distanced itself from Pozsgay, in part attacked him; the Alliance of Free Democrats [SZDSZ] and the Association of Young Democrats [FIDESZ] challenged him in a rather provocative way, and the new Hungarian Socialist Workers Party [MSZMP], and even part of the MSZP, charged him with having betrayed the left. This was topped by the fact that even if they had been searching for a bad district, they could not have found a worse one than Sopron for Pozsgay.

The public would have viewed Pozsgay's personal failing in an entirely different light, had it considered the fact that from a practical point of view virtually the entire individual candidate corps of the MSZP bled to death. And among these more than just ordinary names were deprived of victory by the Smallholders-MDF pact. They included movie director Ferenc Kosa, writer Jozsef Annus, actors Attila Nagy and Jozsef Markos, sociologist Ivan Vitanyi, and Gyula Horn. And Matyas Szuros may thank his survival as an individual candidate exclusively to the fact that the same pact did not materialize in his own district.

But the situation was no different in the case of other parties. The MDF was very wise in not running Jozsef Antall as an individual candidate. It is very likely that the party chairman, and by now the future prime minister, would have been elected, but the devil never sleeps. This is suggested by the fact that numerous big guns of the Democratic Forum failed to fire. It was almost certainly a big mistake to run Denes Csengey in Keszthely, just as it was a mistake to run the MDF's previous candidate for president of the republic in Vas County. Istvan Csurka was defeated in Bekes County, while Ferenc Grezsa was defeated in Csongrad County. Gyula Marx, the Zala County member of the MDF group that entered last year's parliament, was also among the losers.

The SZDSZ also left a virtual collection of trophies in the election districts. Miklos Tamas Gaspar's act as an individual candidate lasted for an extremely short period of time! Peter Tolgyessy, mentioned not too long ago as the heir apparent to the prime minister's post, also lost out. Leaving the electoral battle field as losers were some other known personalities such as Mihaly Raday, Tamas Bauer, Ferenc Koszeg, Miklos Szabo, and the actor Gabor Koncz.

As compared to what was predicted before the first round of elections, the performance of Smallholder [FKgP] candidates was very weak. For the sake of truth one should note that the grandiose, exaggerating forecasts were trumpeted most loudly by Jozsef Torgyan, who suffered an annihilating defeat in his own Szatmar County voting district, and supposedly, with this tone of voice he may have deprived more than one Smallholder candidate of better results.

The case of FIDESZ also teaches us a lesson. Only one of their candidates was victorious: Jozsef Szajer. And he won in precisely the same district in which the MSZP suffered its Pozsgay fiasco. The big question is whether there would have been any FIDESZ victory if the MSZP did not run Pozsgay in Sopron thus not prompting cooperative support for Szajer; after all, even in this peculiar Szajer-versus-Pozsgay situation the MDF candidate came out only a hair behind FIDESZ. At the same time, Viktor Orban suffered a severe defeat at the hands of MDF's Gyula Zacsek. Zacsek was called by the No. 1 person of FIDESZ the "market-woman," as a result of the market actions organized by Zacsek. Supposedly the fiasco will make the otherwise talented young politician

realize that for the time being only the skin of socialists is sensitive to the heat of the branding iron; the skins of others are not.

The Christian Democratic People's Party also acquired three individual mandates. It is peculiar that all three hail from Nograd County, and in a way that neither the MDF nor the SZDSZ representatives withdrew. The Christian Democratic candidate who received the largest number of votes in the country—Istvan Reisz of Gyongyos—he received twice the number of votes received by the victorious Christian Democratic candidates in Nograd County) finished in second place by a margin of 57 votes only because the rest of the parties rallied behind his SZDSZ opponent. One should mention the fact that the Christian Democrats acquired on a nationwide scale the same number of mandates, and running as individual candidates more mandates than FIDESZ, even though their propaganda and the number of their public appearances was by far smaller than those of FIDESZ.

This is noteworthy because, in searching for the causes of their lack of results, several political forces mention these days the shortage of money, the mass communication disadvantage, the unsportsmanlike conduct of their opponents, the violation of elections ethics, and so on. The fact that these matters play a role cannot be denied. But the Christian Democrats' case serves to demonstrate how important a role the mentality and outlook of, and the preservation of traditions by certain social groups may play in elections. And now that we have the elections behind us, it would seem useful if certain political forces were to spend their energies on self examination, rather than on preparing an inventory of the infamy of their political opponents. For a while, at least.

In doing so they will certainly find that during these weeks people manifested political dignity. Despite rumors to the contrary, they also manifested a sense of political culture. Accordingly, they may reach the conclusion that these people do not like shrill voices, political arrogance, and bluffing. Parties which take both the exercise of power and the role of the opposition seriously must reach this conclusion. One may make policies and criticize policies in a credible manner only if one reaches this conclusion.

Understanding the fact that sizing up individuals and recognizing and acknowledging credible personalities representing policies takes a longer period of time than was available since the summer of 1988, must also be part of this realization. This takes much more time and very much work everywhere, from Parliament on down to the smallest village in the country.

Elections: TV, Radio Broadcast Coverage of Parties Analyzed

*250006911 Budapest NEPSZABADSAG in Hungarian
23 Mar 90 p 8*

[Article by Maria Dankanics and Sandor Erdosi: "Once Again the Parties and Television: Inside and Outside the News"]

[Text] As requested by the Office of the Council of Ministers, the Hungarian Public Opinion Research Institute is conducting research in regard to the election-related programming of Hungarian Radio and Hungarian Television. As of this date, four weeks of television programming (between 12 February and 11 March 1990) and two weeks of radio programming (between 19 February and 4 March 1990) are available for analysis.

We are analyzing programs in which the parties' activities, the preparations for elections, and the political environment of the campaign appear. Primary among these are political and informative programs, as well as programs concerning public life and services. We are not dealing with the programs broadcast during "divided programming time," nor do we cover paid political announcements or "references" undoubtedly heard in other programs. It is essential that we perform a full scale analysis of programs of a certain type, and not one based only on a sample. Thus far we have analyzed a total of 350 television and 550 radio programs. In the case of television this represents 32 percent of the total broadcast time, while in radio programming it amounts to 28 percent.

To eliminate unavoidable subjectivity and bias, we applied the usual method of having a varied composition of the programs analyzed by two each of our associates, and disputed issues were decided by a third person.

About Ratios

From among the 2,608 news items broadcast by television during four weeks of programming, 471 items (18 percent) dealt with the activities of parties and other

institutions, and with the approaching elections. Within the 4,396 news items broadcast during the two weeks of radio programming examined, 451 items (10 percent) were related in one way or another to the elections. From the standpoint of time consumed, so-called "election news" occupied 15 percent of the time on television and 14 percent on radio. From among programs not having the character of news we included in our analysis only those in which there was a possibility that the election topic would be dealt with.

Close to three-fourths of parts of programs applicable to the elections reported on party political and campaign events that would have occurred anyway, irrespective of the two media forms. Another quarter of program parts were more loosely related to the elections, but nonetheless provided important background and created a context. The remaining five to seven percent of the programs or program units were divided between radio's and television's direct election programs, and programs which detailed the so-called technical issues and informed citizens. In judging this, one cannot disregard, of course, the broadcasting of the election programs prepared by the parties.

About Occurrences

We took into consideration occurrences if (1) a person himself participated or spoke during the program, if (2) in a news items or news report the media reported what a person did or said, and if (3) a participant in the program brought that person up. In program parts related to the elections the personalities that occurred most frequently are shown in Table 1.

Table 1

Politicians	Number of Occasions			
	On Television (in four weeks)		On Radio (in two weeks)	
	Total	In News	Total	In News
1. Nemeth, Miklos	69	2	93	12
2. Horn, Gyula	47	4	34	6
3. Szuros, Matyas	20	2	38	2
4. Antall, Jozsef	23	3	19	2
5. Tamas Gaspar, Miklos	14	5	24	3
6. Pozsgay, Imre	16	3	31	7
7. Grosz, Karoly	14	1	20	3
8. Kis, Janos	15	5	14	4
9. Petrasovits, Anna	14	1	18	—
10. Raffay, Erno	14	—	13	1

The list showing the number of occurrences by parties that were capable of establishing national slates is headed by the Hungarian Socialist Party [MSZP], with a significant advantage over the Alliance of Free

Democrats [SZDSZ] and the Hungarian Democratic Forum [MDF]. Based on broadcast time provided, however, the lead group's presence is far more balanced. (See Table 2.)

Table 2

Parties	On Television (in four weeks)		On Radio (in two weeks)	
	Number of Occasions	Total Non-News Time (in minutes)	Number of Occasions	Total Non-News Time (in minutes)
Agrarian Alliance	4	8	19	11
Association of Young Democrats, FIDESZ	55	39	85	75
Independent Smallholders, Agricultural Workers and Citizens Party, FKgP	27	36	70	76
Patriotic Election Coalition, HVK	21	15	36	13.5
Christian Democratic People's Party, KDNP	12	35	27	2.5
Hungarian Democratic Forum, MDF	116	91	165	93
Hungarian People's Party, MNP	7	9	24	2
Hungarian Socialist Workers Party, MSZMP	48	44	114	23
Hungarian Socialist Party, MSZP	218	129	298	83
Social Democratic Party of Hungary, MSZDP	33	48	47	17
Alliance of Free Democrats, SZDSZ	142	113	156	54
Entrepreneurs Party	7	13	12	5.5

One of the dilemmas which attends the issue of radio and television presence—one that cannot be resolved—is whether a party politician who also serves in a governmental function is campaigning for the elections, or if he merely performs the public function he is vested with, and whether an opposition politician appearing as a private person or an expert should be regarded as an appearance that is part of his campaign. In the course of the analysis we resolved this problem by regarding personalities belonging to the various parties as representatives of parties in

every instance. On the other hand, we distinguished between cases when a person appeared as a leading member of his party, or as a member of the party, or not as a party politician, but instead in some other role or function. Table 3 shows instances when a party was mentioned in a program, not by its own representatives, but merely as an organization. It can easily be seen that once this distinction prevails the three most frequently appearing parties come substantially closer to each other than if we view only the simple frequency of occurrences.

Table 3

Who Represented the Party?	On Television (in four weeks)			On Radio (in two weeks)		
Leaders*	71	70	70	73	83	65
Members	1	1	4	4	5	2
Others performing different functions	14	120	12	8	139	7
Persons not playing a role	30	27	56	80	71	82
Total	116	218	142	165	298	156

* We included here the members of leading bodies, the spokesmen, experts, representatives, and candidates for representative, all in all: the "significant" party personalities.

About Relations

To a certain extent, parties qualify each other, and communicate messages to each other and about each other, to influence the audience. In television programs

we counted 644, in radio programs 679, noteworthy rational and emotional/passionate relations. With the help of these, one can well characterize the outlook of a party regarding other parties, and the way other parties view a given party.** (See Table 4.)

Table 4

Party Statements Concerning Other Parties	On Television (in four weeks)		On Radio (in two weeks)	
	How They Regard Other Parties	How They Are Regarded by Other Parties	How They Regard Other Parties	How They Are Regarded by Other Parties
FIDESZ	- 53	2	- 71	22
FKgP	- 23	- 5	- 55	50
HVK	- 14	- 29	- 100	0
KDNP	64	8	*	*
MDF	- 12	- 10	- 42	- 29
MSZMP	- 50	- 32	- 100	- 86
MSZP	- 4	- 52	8	- 63
MSZDP	- 7	- 28	15	43
SZDSZ	- 62	5	- 63	- 13

* We did not present the Agrarian Coalition, the Hungarian People's Party, or the Entrepreneurs Party on this table because of the small number of relations. The KDNP had a number of relations sufficient for purposes of analysis only on television.

** We summarized the qualifying statements made and received by individual parties separately and prepared an index of them. The direction of the statements given is positive if a party attributed more similarities and more favorable attributes to the rest of the parties than differences and unfavorable features. The direction is negative if the reverse is true. The direction of statements received may be interpreted in a similar manner. The scale ranges from -/n100 to +/n100.

We wish to stress that all of this applies to statements made on radio and television, and not to the campaign as a whole. At the same time, it is noteworthy that during the period analyzed there was a preponderance of negative statements in both radio and television programs. (See Table 5.)

Table 5

Direction of Statements	Non-Neutral Relations (in percentages)	
	Television (in four weeks)	Radio (in two weeks)
Positive	27	22
Ambivalent	11	7
Negative	62	71
Totals	100	100

Budapest, 21 March 1990
Maria Dankanics, Sandor Erdosiy

Antall on Neutrality, Political, Economic Goals

25000699A Budapest ESTI HIRLAP in Hungarian
10 Apr 90 p 1

[Unattributed article: "Exclusive Interview on This Morning's Japanese TV Broadcast; Antall on Neutrality"]

[Text] Tokyo—The Japanese state television network [NHK] prepared an exclusive interview with Jozsef

Antall, segments of which concerning the Hungarian Democratic Forum [MDF] chairman's position in regard to Hungary's neutrality were treated as headline news in this morning's broadcast. Antall explained in the Japanese interview that "neutrality is a requirement of principle for Hungary; at the same time, however, neutrality manifests itself in various forms in international law. The neutrality of Switzerland is different from that of Austria, and these are different from the neutrality of Sweden. We use the term 'neutrality' in the sense that we want to become independent from the Warsaw Pact. We believe that in the framework of a global European security system neutrality acquires a new interpretation, and will not be used in the sense of traditional neutrality."

In a brief commentary, the NHK news anchor pointed out the fact that the government to be formed must find a solution to the country's troubles under extremely severe economic conditions. The MDF, as a party encompassing the entire nation, based on Christian principles, endeavors to find this solution by way of a moderate reform policy.

"Our election victory shows that our people want balanced middle-of-the-road policies, Christian liberalism, and a free market economy," the Asahi Simbun quotes from Antall's press conference. The reporter highlighted Antall's remark to the effect that in the interest of restoring its economy Hungary endeavors to develop relations with developed countries, including Japan, for example.

In reporting on Hungary's foreign policy, the author of the article conveyed Antall's view that the unification of Europe is the most important task.

Publishers, Journalists on Springer Press Scandal

Newspaper Publishers Association Statement

25000699B Budapest NEPSZABADSAG in Hungarian
4 Apr 90 p 4

[Text] The Hungarian Newspaper Publishers' Association regards the situation that has evolved in the Hungarian press as grave. In the interest of achieving rapid consolidation, the Association considers it to be its responsibility to mobilize the country's public opinion, its leaders, and the political parties.

We recognize with concern that total anarchy exists in the Hungarian press. The present confusion is contrary to democratic evolution. Information loses its credibility, and its objectivity is endangered.

Our Association supports privatization processes, but objects to the waste of values. We do not accept the idea of the Hungarian monopoly which conjures up bad memories being taken over by the creation of a new dependence defined by foreign capital, of publishers and newspapers being bought in a ridiculous manner at nominal prices, or, what is even worse, in return for promises of political and economic independence, the possibility of passing publishers and newspapers from one hand to another, or the national and local press being expropriated by taking advantage of legal loopholes.

We demand legal protection. The selling out of newspapers should be prohibited until a new parliament is formed. A competitive situation must also be established in the press and in newspaper publishing, and Hungarian majority control must be ensured.

The Constitutional Court should take a position regarding the acquisition of ownership, the sale of newspapers below their value, and with respect to liquidation.

We call the attention of the country's leadership and the parties to the fact that the Hungarian Newspaper Publishers Association will continue to remain a firm representative of the interests of newspaper publishing in the future. By taking advantage of our rights, and by using the means of publicity, we will continue our fight against actions which retard the development of the Hungarian press as a whole, and against illegal business deals.

Budapest, 3 April 1990

[Signed] Sandor Orban, executive secretary, Hungarian Newspaper Publishers Association

Journalists' Association Statement

25000699B Budapest NEPSZABADSAG in Hungarian
5 Apr 90 p 4

[MTI report]

[Text] The presidium of the Hungarian Journalists Association [MUOSZ] announced its position in regard to the series of scandals that have occurred in the press during the past days. The statement underscores the presidium's concern over the so-called transformation of county newspapers which has taken place under unclear conditions. The events that have transpired suggest that the successor to the state party did not comply with its obligation to provide an accounting of its property. On this point the Hungarian Socialist Party [MSZP] was unable to dispel concerns that in some way it also has a financial stake in this business.

At the same time, MUOSZ senses that a feeling of uncertainty is growing within the community of journalists. MUOSZ understands that if journalist collectives prefer to take their fate into their own hands, rather than allowing the press to be directed possibly by one or more parties in a way that violates the principle of the freedom of the press. But MUOSZ is not fully convinced that the business transactions are legal. MUOSZ feels obligated to call the attention of interested parties to the fact that these transactions may also create legal disadvantages. In addition, MUOSZ once again points out the fact that it is opposed to any kind of ideological or economic monopoly in mass information.

The statement underscores the fact that MUOSZ finds it indispensable that every journalist and publishing house employee benefit from every employee right. In order to fight for these rights MUOSZ suggests that a joint position be taken by the Press Trade Union and the Association of Newspaper Publishers.

Diplomatic Corps Composition, Quality Assessed

25000697E Budapest HETI VILAGGAZDASAG
in Hungarian 6 Apr 90 p 18

[Article by Ibolya Jakus: "With Language and With Knowledge"]

[Excerpt] "It is the number one duty of Hungarian diplomats to follow, represent, and propagate the policies of the prevailing government at their posts," it was said at the foreign ministry. One could assume that this requirement does not differ greatly from the practices of other countries. On the other hand, there is a huge difference in regard to the political deviations the term "prevailing government" covers. In Hungary at this time the issue will not pertain to just "another" change in government. Therefore, it is no wonder that the public is counting on a renewal of diplomatic officials. Quite naturally, this idea does not leave the foreign affairs apparatus cold either. In the foreign ministry, what is referred to as the "success branch" fluctuation has reached unprecedented levels in recent months. There is

a high degree of uncertainty among diplomats serving at home and abroad, it was said in the foreign ministry.

Are the worries justified? Each person may search for the answer in the cadre policy perceptions of potentially winning parties, and in his own search of his professional and political conscience. In response to HVG's question, Deputy Foreign Minister Bela Havasi said, that contrary to common belief, a majority of today's diplomats are not political appointees but career diplomats instead, meaning that they reached their present post by climbing the foreign ministry's career rank ladder. At the same time, Havasi acknowledged that before the Hungarian Socialist Workers Party [MSZMP] ceased to exist, virtually without an exception, diplomats 30 years or older held memberships in the state party. Until most recently, ambassadorial posts were part of the infamous cadre jurisdiction list—the Politburo decided who would fill those posts.

Of the 78 diplomats who presently hold the rank of ambassador abroad, 19 worked for shorter or longer periods of time at party headquarters, according to the deputy minister. In most instances the foreign ministry "loaned" them out for four-year periods, immediately prior to their foreign assignments. Havasi regards nine ambassadors as being parachutists: Most of them were thrown from party headquarters to the diplomatic front lines. This group includes Erno Lakatos, of whom the press was frightened for years, and who was supposed to make popular Hungarian policies in Berlin for a few years after serving at the agitation and propaganda division of the MSZMP. He was recalled the other day. Mihaly Kornidesz, the former TV chairman, at present the ambassador to Tirana, is also one of the parachutists;

while his former and present colleague, ambassador to Bern Janos Hajdu, told HVG that he had handed in his resignation to the foreign minister on 19 March.

Havasi gives good grades for the professional preparedness of diplomats. According to foreign ministry statistics, 95 percent of the staff holds diplomas, and the remainder consists of radio operators trained in cipher codes and security officers, all traveling with diplomatic passports. Their language capabilities may be regarded as good, because without an exception, all diplomats have passed at least one high-level language exam. A large part of the diplomats speak two languages, and one-third of them speak more than three languages. In Havasi's view it is a mistaken belief that most Hungarian foreign service officers were trained in the Soviet Union. According to statistics, only every fifth diplomat completed his studies in the Soviet Union; the rest acquired their diplomas at the University of Economics, or in the field of philosophy or legal studies. Deviating from the practice followed in previous years, this year the foreign ministry did not commit itself to hiring a single student from among those sent on Ministry of Culture scholarships to the Moscow school of diplomacy. In contrast, in recent years foreign ministry employees have been able to study at the Academy of Diplomacy in Vienna, in Amsterdam, and in Paris. Considering all of this, it would not be sensible to exchange the entire leadership of the diplomatic corps, according to the deputy minister. On the other hand, Havasi will not deny that certain ambassadors have been unable to agree even with the political changes thus far, but the foreign ministry did not wait for the elections in recalling them. [passage omitted]

CZECHOSLOVAKIA

Northern Bohemian Forests Still in Decline

90CH0052B Prague MLADA FRONTA in Czech
10 Apr 90 p 7

[Article by Hana Vojtova: "Is Siberia in Northern Bohemia?"]

[Text] A well-developed tree produces about two kilograms of oxygen per hour. There are 800 trees per hectare. So that from 250,000 hectares of forest it is possible to obtain about 400,000 tons of oxygen. For Northern Bohemia, this is probably the specific substance of the saying—forests are our wealth.

But the calculations apply only in theory. The fact is, the property is in considerable disrepair. Emission of pollutants is the cause of destruction here. In the upland regions of the Krusne and Jizerske Mountains it has already killed 80,000 hectares of forests. The so-called pollution-resistant species of trees, which are being planted in the bare areas, have a lifespan of only up to 20 years. Another 80,000 hectares of spruce forests in the Luzicke Mountains, in the Czech central range and in the Sluknov spur will die, if the situation does not change, in 15 years. The remaining third of the Northern Bohemian forests are in various stages of damage. A sad accounting, is it not? By the standards of the republic or by global standards it does not bear comparison.

Forests here have been classified as "special designation forests". It means that approval for their felling is given by the Ministry of Forest Management and Wood Processing Industry of the Czech Republic only after the most exacting consideration. As a result of that consideration, 100 hectares a year are harvested in the national interest. "I can name for instance the Radovesnice dump. Stripmining by the Julius Fucik Coal Mines Bilina already devastated 100 hectares of forest land. They do have the obligation to reforest the land, but it takes three to four generations before a forest climate reappears in the land, or, in other words, conditions suitable for forest cultivation," says deputy director of the forestry enterprise Litomerice Milan Tejkl. "Forest land is terribly cheap. If industrial enterprises pay compensation for deforestation in the hundreds of thousands, than the acquisition of agricultural land costs millions," adds a worker in the production management department of Northern Bohemian State Forests Teplice, Eng Otto Vrabec, and as proof of his statement he provides another example: "The Electric Power Plant Melnik also put its fly ash dump on 35 hectares of forest land, because for arable land from the production area on the borders of the Litomerice district it would have had to reach deeper into its pockets."

I learn about more and more examples. The Northern Bohemian Brown Coal Mines has taken over 2,000 hectares of forest land. Severokamen Liberec has a

monopoly for mining gravel sand here. Its latest negotiations concerned the liquidation of 60 hectares of a tree farm in Vedomice in the Roudnice district....

More than 80,000 hectares of dead forests, with another third of the forests moribund, yet the industry in Northern Bohemia is still taking a big toll even of the last remaining relatively healthy forest stands. That is why the information given to me by the director of Northern Bohemia State Forests Teplice, Eng Frantisek Orsag, left me speechless: "In Bohemia, during the previous five-year plans about 11 million cubic meters of timber were 'over-harvested,' and that includes our region as well. The plan wants as much harvested timber as possible, without regard to our situation. The Institute for Economic Forest Management in Brandys nad Labem processes wood 10 years in advance. I will insist on having it revised for the Litomerice and Zatec plants."

Does it seem to you too as if in Northern Bohemia they owned Siberia or Canada? The method of forest management points to that.

GERMAN DEMOCRATIC REPUBLIC

Conversion of Military Resources to Civilian Purposes Discussed

90GE0057A East Berlin BERLINER ZEITUNG
in German 29 Mar 90 p 3

[Interview with Prof. Dr. Klaus Engelhardt and Prof. Dr. Hans Einhorn by Klaus Degen; place and date not given: "Billions From Disarmament Immediately?"—first paragraph is BERLINER ZEITUNG introduction]

[Text] Disarmament—doesn't this make everyone think of economic advantages for a more fulfilling life? Less consideration is given to the fact that disarmament involves some whopping problems. We discussed this with Prof. Dr. Klaus Engelhardt and Prof. Dr. Hans Einhorn, initiators of a task force on arms conversion.

[BERLINER ZEITUNG] What is the cost of arms and armed forces for the world?

[Engelhardt] Every year about \$100 billion. That amounts to about five to six percent of the gross social product. However, more impressive is the fact that about one-third of all research and development effort in the world is wasted for military purposes.

[BERLINER ZEITUNG] Disarmament can therefore free up enormous means. However, as scientists you signal the need for a more cautious look at certain interrelationships.

[Engelhardt] We are concerned with how transforming (converting) military resources can be shaped for civilian purposes in a manner which is economically efficient and free of social conflict.

[BERLINER ZEITUNG] In the GDR—and not only here—that is a very realistic topic.

Einhorn: Absolutely. There are very direct problems as a result of drastic unilateral disarmament measures by the GDR. In 1989 defense expenditures were reduced by about M1.5 billion to M12.8 billion and accounted for about 3.6 percent of the gross domestic product. There is discussion of a further M2.3 billion reduction to M10.5 billion for this year.

[BERLINER ZEITUNG] There is vigorous public argument about these sums. Environmental protection and the social sector are in the forefront.

Einhorn: First of all: These sober numbers conceal the release of career servicemen and persons liable for military service; also included are armament, equipment, buildings, real estate and reduced production of military goods and services. This results in some advantages which have an immediate effect. Persons liable for military service are available as a labor force for civilian activities. Building and production capacities which are also freed up and in which there is no major difference between civilian and military use result in direct civilian benefit.

[BERLINER ZEITUNG] Do we also hear the sound of a "but" in this?

[Engelhardt] Yes. In a number of military production enterprises there are in part substantial quantities of machines, equipment, devices, and special material which cannot be used for civilian purposes, as for example in the Special Equipment Combine, Dresden, on the order of M400 million. However, at the same time there are very favorable conditions in this combine for a different desirable direction in production: development and establishment of environmental equipment.

[BERLINER ZEITUNG] And where is the problem?

[Engelhardt] This urgently needed civilian production would require investing M25 million this year. Similar problems are developing in other enterprises so that losses resulting from discontinuing military production must be absorbed with state support measures and means must be made available for the transition to civilian production. Thus, conversion requires financial and material expenditures during the transition phase.

[BERLINER ZEITUNG] Are we proceeding too rapidly with disarmament?

Einhorn: Of course not. The totality of the the task must be kept in mind. Gradual reduction of the NVA [National People's Army] and the Border Troops could have solved the conversion in a manner which is economically efficient and largely without social conflict. But the result of the speed of disarmament which has now been proposed in the GDR is that the costs for retooling and retraining career servicemen, for civilian

use of buildings, for refurbishing real estate (troop exercise grounds, firing ranges, and other kinds) require substantial immediate outlays. Thus, full civilian use will postpone the effect.

[BERLINER ZEITUNG] Basically this involves an understanding of the fact that even disarmament will cost a great deal.

[Engelhardt] It would be illusory to assume that it would be possible to direct the funds which have been saved in the budget, and which formerly were used exclusively for military purposes, into other civilian purposes. A part of these means must be utilized in order to make conversion economically efficient and ecologically tolerable for the economy and to guarantee the social interests of those affected. Otherwise, conversion will result in economic losses and social conflicts.

YUGOSLAVIA

Criteria for Promotion to Rank of General

90EB0315B Belgrade NARODNA ARMIJA
in Serbo-Croatian 18 Jan 90 p 13

[Unattributed interview with Col. Gen. Mico Cusic, PhD, professor, assistant secretary in the Federal Secretariat for National Defense, place and date not given]

[Text] [NARODNA ARMIJA (NA)] The first question we put to General Cusic, the only person in the Yugoslavia People's Army [YPA] who holds the 1941 Commemorative Medal, was about progress in the natural process of the turnover of personnel both in the most responsible positions in the armed forces, participants in the National Liberation War, and officers at the lower level.

[Cusic] This process has been completed for all practical purposes, since most of the 55 participants in the National Liberation War (21 generals, 33 commissioned officers, and one noncommissioned officer), which was the number of them in active service as of 1 January 1989, have already retired, and that number is now altogether minimal.

The process of the turnover of personnel began in 1944 with establishment of the first military academy, and it has gone on now for 46 years, gradually and, by all assessments, naturally and successfully.

[NA] It is said that the military schools are preparing officers for positions in the 21st century....

[Cusic] The phrase "preparation for duty in the 21st century," I would say, mostly reflects the fact that young officers will be serving most of their working life in the armed forces in that century. However, when it comes to knowledge, it is superb, but it was still gained on the basis of scientific advances up to this point. So the 21st century will also demand much more knowledge of them, and officers who are now graduating from military

schools have ahead of them a constant process of acquiring knowledge, above all through self-education, but also through additional formal education within the country and abroad, postgraduate studies....

[NA] It would be interesting to inform the republic how our generals are "recruited," since people's ideas about this differ, or at least they are incomplete....

[Cusic] The Law on Service in the Armed Forces has set down the conditions which must be fulfilled for a colonel to be promoted to the rank of major general. On the basis of that legal provision, the Federal Secretariat for National Defense has prescribed precise criteria which every candidate must fulfill in order to be proposed for the list. These criteria are as follows: age, level of official rating, positions held, the schools completed and academic performance, knowledge of foreign language, state of health, number and type of positions in which the candidate can perform effectively, and so on. A computer program was written last year as an auxiliary indicator used in ranking all the proposed candidates and thereby making it possible to examine each of them more comprehensively.

In addition to the criteria, a working procedure has also been laid down all the way to adoption of the appropriate enactments. Commanding officers of military districts, of the air force and air defense and republic territorial defense staffs, and heads of the sectors of the Federal Secretariat for National Defense are the only ones who may propose candidates. All the proposals are processed and examined in the Personnel Commission of the Federal Secretariat for National Defense [SSNO] which consists of the most responsible top officials in the SSNO except for the federal secretary, and of the commanding officers of military districts and the air force and air defense. The preliminary list of candidates, with consent of the federal secretary, is examined by the military council, and after that the federal secretary verifies it. Usually, the list contains 30 to 40 percent more candidates than the number of vacant generalships to which they might be appointed. The approved list remains in effect for one year, and then the same procedure is followed in approving a new list, for which candidates from the previous list may be proposed if they continue to fulfill all the conditions.

Candidates from the approved list may be appointed to vacant generalships by ukase of the SFRY State Presidency. The person who is appointed may be summoned as early as possible in the next year to take the examination for the rank of major general. The examination has a practical section and then an essay on a given topic. The written topic is similar to that for a doctorate of science. The procedure of the invitation to take the examination is the same as approving the list of candidates: nominations are made by the officers referred to, the performance of the candidate in the position to which he has been appointed is evaluated, the proposal is confirmed in the Personnel Commission, the federal secretary must give his consent, it is taken up in a

meeting of the military council, and the decision is verified by the federal secretary, whereupon the chief of the general staff approves the topics of the practical section and the essay.

The following year the candidate defends the topic he has worked up, and this defense may be accepted, rejected, or returned for additional work. If the topic given is successfully defended, the superior officer, if he has given a favorable evaluation to his performance, proposes the candidate for promotion. This proposal is taken up by the Personnel Commission of the SSNO, verified by the federal secretary, and the ukase on promotion is proposed to the SFRY State Presidency. The ukase goes through the procedure of adoption in the Commission for Direction and Command, and then in a session of the SFRY State Presidency.

As you see, it is a very complicated procedure and has been precisely established and objectified. There are no "quotas" at all, nor are interventions by individuals or proposals by unauthorized institutions within the armed forces or society honored. All candidates must go through this procedure....

[NA] We know that you yourself have gone through it, although at that time you were also a doctor of sciences, a university professor, and holder of the 1941 Commemorative Medal.

[Cusic] That is true and only confirms the rule. But the most essential thing is that we make an effort for only the best officers to become generals, since they are appointed to the most responsible posts and direct very large segments of the armed forces. It is my judgment that up to now we have been successful in this.

[NA] You have held high-level military-political positions, you established the Department for International Relations in the High Military-Political School, you obtained your doctorate, you are a full university professor, you have written nine books that were well-received, and you are now an assistant secretary in the Federal Secretariat for National Defense. Is that a full life for an officer?

[Cusic] I do not want to talk about myself, nor do I want others to do so, and in particular I do not want the facts exaggerated. I think I am a modest man. I have no real estate, I do not have a weekend cottage, I live in an apartment with one less room than I am entitled to under the Regulation on Allocation of Housing in the YPA, my wife lost her job because of my transfers (there were 12 of them), my son got a job at the age of 31, after waiting seven years on the list in the Employment Security Bureau (he does not work in the YPA), and I have a car that is nine years old.

It seems to me that I have never done anything exceptional. Much of that was imposed by the time and the situation. I tried to do each job to the best of my knowledge and ability. The results came as the normal

consequence of that kind of effort, sometimes more, sometimes less. On the whole, I am satisfied.

Recognition, including decorations and awards, gave me an incentive to work. I do not think that they or the 1941 Commemorative Medal should give me any advantage or privilege, nor have I ever sought that. I have always felt myself to be an ordinary man. I like people and I think that a majority of those I work with return this in the same measure.

[NA] The Communists in the armed forces have nominated you and Dr. Dimitrije Baucal for election to the political-executive body of the League of Communists of Yugoslavia [LCY] Central Committee [CC]. If you are elected, what will you work for?

[Cusic] That is both the easiest and the most difficult question to answer. First of all, our commitments are well-known, and I am referring here to the positions of the Army leadership, which, it can be authoritatively asserted, express the disposition of the YPA as a whole. These are the key positions of Communists in the armed forces, but at the same time they are flexible insofar as this is required by developments in society today. They will be presented once again from the rostrum at the congress. If I am elected to the political-executive body of the LCY Central Committee, it will not only be my obligation, but also my honor to strive to have those views carried out. I hope I am not left alone in that, but that I will always have the support of members of the YPA, and of others as well, which is the most important thing under our conditions today.

GERMAN DEMOCRATIC REPUBLIC

GDR Considers FRG's Environmental Protection Efforts

90WN0009A East Berlin JUNGE WELT in German
23 Mar 90 p 6

[Article by Martin Woldt: "How Ecological Is the Social Market Economy?"—first paragraph is JUNGE WELT introduction]

[Text] There is hardly any dispute that an ecologically oriented social market economy is considered to be the magic formula for a future economic model. Following some sad experiences, the GDR is starting over for a second time to unite economy and ecology. JUNGE WELT examines several aspects of this relationship, using the "exemplary model" of the Federal Republic.

There was no outcry when the one-time status symbol of the throw away society—the Cola bottle—made its entrance into everyday life in the GDR. Nevertheless, these objects could lead to the most disputed results in the new democracy. In proven manner, the critic of the Cola container could refer to the "environmentally detrimental system" in which it has resulted, yet this would be doubly dishonest. First, the planned economy—or that which we considered it to be for a number of years—created far too few convincing facts with respect to environmental protection. The opposite was more true. Second, it is precisely the market economy which, although it is no magic formula, has many people running after it in order to worship it as a new idol. We do not want to howl with the wolves, although anyone who regards the FRG as the "exemplary country" must first recognize a few facts.

In the market economy, it is primarily supply and demand which exert a substantial influence on the economic process and particularly upon prices. It is said that waste in production and in the consumption of natural resources is as good as eliminated under the whiplash of competition. Environmental policy is created by environmental levies, by stimuli, etc., as a result of price signals. All of this does not occur without the State—something which is being disavowed, among other things. But the State is needed, at the latest, in areas where the protagonists of environmental stress and damage cannot be or can no longer be identified. The state bears the elimination costs in accordance with the so-called common burden principle.

The Federal Republic has, undoubtedly, achieved considerable success in environmental protection in recent years. Here are some facts:

- More than 90 percent of households are connected to municipal wastewater networks. Some 84 percent of wastewaters are treated biologically. By 1985, the chemical industry was able to reduce the wastewater burden by 93 percent in comparison to 1970.

- The water quality of the Rhine River has significantly improved. In the meantime, the river has regained a defensible oxygen content on average, its stressing by heavy metals has been reduced 90 percent. Some 31 species of fish again live in the river.
- The phosphorus content of laundry soaps declined from 276,000 to 80,000 tons (1970 through 1986).
- Since 1982, the Federal Republic has reduced sulfur dioxide emissions from 2.9 million tons to 1 million tons (1988). By 1993, plans call for the elimination of 75 percent of these emissions. By 1988, approximately 90 percent of all coal-fired power plants had been equipped with desulfurization devices. Old facilities which are no longer being retrofitted must be shut down by 1993.
- Today, 3,200 products are marked with the "blue angel" environmental symbol, including numerous spray cans whose propellant gases—the ozone-disrupting fluorochlorinated hydrocarbons will be 90-percent replaced by 1990.
- Since 1970, the use of water for industrial purposes has been reduced by approximately 1 billion m³.
- Industry does more than DM23 billion worth of business selling environmental protection materials.

With these results, the Federal Republic can certainly measure itself internationally and actually occupies a leading position in this respect in its own territory. There is no doubt of the fact that the state plays a role which is significant for these activities by making incursions into the price formation of the marketplace under pressure from the public by, for example, insisting on the so-called environmental levies. It happens to be a fact also, as FRANKFURTER ALLGEMEINE notes, that environmental problems arise in a market economy when environmental resources do not carry a price, although they are in short supply and are valuable. However, prices decide being in the marketplace or not... Things must be capable of being calculated for by entrepreneurs. This is the source of their flexibility and performance in the area of environmental protection. An inquiry organized by the Federal Association for German Industry indicates that more than 50 percent of the more than 400 interested entrepreneurs assign cost figures in their enterprise budgets to environmental protection.

And yet, the "cost factor" of environmental protection also gives rise to opposing views. Specifically, when the enterprises repeatedly search for new ways to circumvent existing environmental regulations. They do this for cost reasons and to gain more favorable chances in competition. An example of this is the export of toxic waste to the GDR dump at Schoenberg, which has been ongoing since 1974. These costs could be calculated at Hoechst, Daimler-Benz, or at the North German Affenerie Refineries. And this clashed in a fatal manner with the calculations made by Mr. Schalck-Golodkowski who, at one time, conducted the GDR waste transactions.

Waste is generally a problem in the Federal Republic. Politicians and environmentalists have for years spoken of a waste product emergency. Because of the fact that the

construction of large incinerator facilities is very expensive and because many communities oppose the establishment of waste disposal facilities, the export of waste products to the GDR, to Turkey, or to West Africa, particularly with respect to toxic wastes, appears particularly lucrative. (To eliminate one ton of toxic waste in the Federal Republic, the enterprises involved must, nevertheless, come up with DM4,000.) In addition to exporting waste products, special waste is incinerated at sea openly or is discharged in the form of diluted sludge. The matter is a problem because the enterprises are not compelled to reveal the quantities of waste materials which occur and their composition so that waste product transactions are extremely difficult to check on.

An additional aspect involves environmental criminality, which has been on the rise for years. In 1987, the Federal Environmental Office identified 17,930 cases which were primarily violations of the waterway protection law. The tendency over recent years has been on the upswing. It would be possible to continue listing such facts.

As can be seen from the example of the Federal Republic, the market economy is absolutely in a position to create peak performances in environmental protection. Many enterprises in the Federal Republic meet the high requirements of the supply principle, of the avoidance of creating environmental damage. The prerequisite or the market-economic principle in this regard is that in so doing they should not have to pay out extra money. But something else is also becoming clear: matters of ecology do not become a reality in and of themselves even in a market economy. Modern environmental legislation in the Federal Republic came into being to a not inconsiderable extent as a result of the growing pressure by the public, particularly by the Green Movement. At the same time, numerous citizen initiatives led to the development of democratic elements of joint concern—elements which should not be permitted to fall beneath the table during the introduction of a market economy in the GDR.

A second aspect involved in the reshaping of GDR industry to market-economic requirements is the problem that the growing together of the two German states must not proceed without precisely negotiated ecological outline conditions. Any overly hasty steps must necessarily lead to environmental protection in the GDR being calculated at a better cost as a result of lax or nonexistent regulations than is the case in the Federal Republic. Despite the importation of supposedly more modern equipment, GDR citizens would not be the recipients of any favor in the sense of an environmental situation requiring fundamental improvement. And, at the same time, less stringent standards and limitations in the GDR lead to the undermining of standards achieved in the FRG or lead to prevention of the development of such standards.

Marketplace-Environmental Protection: Deliveries and Performances (estimated)

Item	1987	1995
Market volumes for German enterprises in millions of DM		
Air	565	1,090
Water	247	639
Waste products	205	604
Jobs	400	700

[Caption to photo not reproduced: Some 34 million vehicles are currently licensed in the Federal Republic. They account for the highest share of air pollution involving nitric oxides, hydrocarbons, and carbon dioxide.]

PDS Economist on Socialists' Chances, Election Results

90GE0053A East Berlin DEUTSCHE LEHRERZEITUNG in German No 13 1990 p 12

[Interview with Prof. Dr. Juergen Kuczynski by Dr. Horst Lange on 28 Feb 90; place not given: "Is Socialism Finished?"]

[Text] [DEUTSCHE LEHRERZEITUNG] You have fought for socialism all your life. Now actual existing socialism appears to have suffered worldwide failure. Does this mean that the attempt to create democratic socialism on German soil has been in vain?

[Kuczynski] In the first few years the situation was not at all unfavorable. However, at the beginning of the 1950's, the party—to put it crudely—became Stalinized. This spelled the end of that which is now called democratic socialism.

I personally consider this a totally nonsensical term. An undemocratic socialism is simply no socialism at all. Though it may be able to create some foundation for socialism.

[DEUTSCHE LEHRERZEITUNG] What were your ideas about the GDR's future in early October 1989?

[Kuczynski] I hoped for a socialist future, liberated from Stalinism.

[DEUTSCHE LEHRERZEITUNG] When did you realize that the change also signified the end of the GDR?

[Kuczynski] I still do not realize that.

[DEUTSCHE LEHRERZEITUNG] Have your expectations of the fall of 1989 been fulfilled?

[Kuczynski] Of course not. The hopeful awakening in October 1989 was followed by a considerable assembly of antisocialist forces. Actually I think we might well call it a strong counterrevolutionary movement, meaning that it is sharply directed against socialism. These strong

counterrevolutionary elements were encouraged in particular by FRG politicians who came to our country.

[DEUTSCHE LEHRERZEITUNG] What do you consider the main reason for the turnaround in the GDR?

[Kuczynski] In the command system. In the regimentation of the people. In the lies to the people, the window dressing, and so on.

[DEUTSCHE LEHRERZEITUNG] Whom do you consider the decisive agent of the revolution?

[Kuczynski] The people. We should quite generally say, the people.

[DEUTSCHE LEHRERZEITUNG] The crisis of real socialism also showed up the crisis of theoretical socialism. How do you see the present crisis of Marxist social science?

[Kuczynski] I do not think that there is a crisis of theoretical socialism. There has been a crisis involving the post-1950 so-called socialist theoreticians. These people are in crisis. But I do not think we should say that the theories of Marx, Engels, and Lenin are in crisis.

[DEUTSCHE LEHRERZEITUNG] Can you explain the often hard to bear contradiction between the achievements of some and the opportunism of most social scientists in the GDR?

[Kuczynski] Quite simply: They were party officials.

[DEUTSCHE LEHRERZEITUNG] Before the upheaval, you were one of the most severe critics of social development. At the same time you repeatedly described yourself as a close friend of Erich Honecker. Indeed, you praised his analytical intellect and his political foresight. How do you reconcile this?

[Kuczynski] I only praised his analyses of the world of capitalism as presented in his speeches. And I was the one who wrote this section of his speeches.

[DEUTSCHE LEHRERZEITUNG] In other words, you praised yourself?

[Kuczynski] That is correct.

[DEUTSCHE LEHRERZEITUNG] You continue to be loyal to the party which, up until early December 1989, was considered to offer the strongest support for German Stalinism. Why are you still a member of the PDS [Party of Democratic Socialism]?

[Kuczynski] Simply because I was never a member of the leadership, only a member of a party and a movement. When you remember the strength of the movement from below against Stalinism in recent years—not by speaking against Stalinism but by speaking against the way we were ruled—you will understand why I feel very happy among these people.

[DEUTSCHE LEHRERZEITUNG] Does the PDS have any chance at all in a united Germany?

[Kuczynski] It certainly does.

[DEUTSCHE LEHRERZEITUNG] As a nationwide party?

[Kuczynski] That remains to be seen. But I think that unification will take several years—if it happens at all. After all, that is what the entire world hopes for.

[DEUTSCHE LEHRERZEITUNG] What do you imagine a future modern academic education will be like in our schools?

[Kuczynski] That is a very hard question. First of all we need to admit the brutal truth: Up until now we concentrated on producing model students. Marx and Engels would never have been able to graduate from our secondary schools. They were highly intelligent young men, rated A in the subjects of interest to them but C, D, or F in all others. In other words, they would have been compelled to leave school after the 10th grade.

One of my friends is a departmental director at the university. He once conducted an investigation of the recommendations issued by teachers and directors with respect to the students at expanded secondary schools, who entered his department. Most frequently they were praised for their modesty and restraint. However, young people—especially those who enter the universities—should want to storm the heavens, not be modest and restrained.

Of course the young people were modest and restrained only during school hours and, thank heavens, anything but that in their free time. This offers a sufficient explanation of the education system that continued to be applied at the universities. The latter were nothing but factories for the production of specialists.

[DEUTSCHE LEHRERZEITUNG] Where will developments lead after 18 March?

[Kuczynski] It will be very interesting if the SPD [Social Democratic Party] were to provide the government here and, after 2 December, in the FRG.

[DEUTSCHE LEHRERZEITUNG] What are you currently working on?

[Kuczynski] The publication of my diaries from the past three years.

[DEUTSCHE LEHRERZEITUNG] Have you any further plans?

[Kuczynski] Not for books. But I am writing a minimum of two articles each week.

[DEUTSCHE LEHRERZEITUNG] What are you dreaming of after this autumn which was stormy in the very meaning of the word?

[Kuczynski] As ever since my youth—of a socialist Germany.

[Follow-up DEUTSCHE LEHRERZEITUNG question on 21 March 1990] Your forecast for the election of 18 March has not been fulfilled. How do you assess the election result?

[Kuczynski] The election yielded three surprises, and not only for me: Firstly, the strength of the Alliance, the reaction. Secondly, the weakness of the SPD. Thirdly, the relative strength of the PDS. I am particularly happy about the latter. It remains to be seen what will happen now....

Operations at Interflug Flight Training Center Detailed

90GE0047A East Berlin INFORMATION DER ZIVILEN LUFTFAHRT in German No 1, Feb/Mar 90 pp 4-8

[Unattributed article: "The Interflug Flight Training Center: Developing Efficiency of Civil Aviation Personnel"]

[Text] The Interflug flight training center began operating in October 1988. At the opening of the Interflug flight training center it was noted that a successful example had been created which demonstrated "how our people are able to accomplish transportation procedures with a high level of safety and efficiency with the help of the most up-to-date achievements of science and technology." The hope was voiced "that the methods and approaches of this educational institution would promote the continued planned development of occupational training programs in other combines of our economy and would result in improved performance, greater efficiency, and increased production safety."

Why the Center Was Established

In improving its performance which is determined by a sharp increase in demand, Interflug will also have to maintain its market position in the face of increased competition. Flight safety, quality, and labor productivity will determine the results the airline achieves. As is well known, the decisive impact on the reproduction process solely depends on human performance. This raises the key question of how Interflug makes use of this primary productive capability, i.e., human productive capability or, in other words, how quantitative and qualitative social labor productivity can be used to develop greater efficiency. Clearly, there are several reasons why quantitative development of labor productivity is severely limited. Under the circumstances, the development and practical utilization of the talents and skills of the airline staff will constitute the major source of greater efficiency and the major task for management. While it is easy to state this task in so many words, its solution is very difficult and calls for finding answers to a number of practical problems and contradictions.

One such contradiction is the fact that the time lag both between generational changes in aircraft technology and the introduction of entirely new technologies in civil aviation is progressively getting shorter. As the amount of information keeps growing the staff members are required to adapt more and more rapidly to new demands on their skills. For another thing, it is impossible to justify the extension of advanced training programs from the economic standpoint and, for that matter, they could not even be carried out given the limited manpower reserves. This contradiction presents problems in various sectors of the economy—particularly in those where high technology is a decisive factor in production. In this light, it is no accident that Interflug was the first organization to establish a training center which is to find new answers to these problems.

A second contradiction calls for optimization consistent with actual development conditions—which is another way of saying that scientific-technological progress creates a need for greater flexibility, i.e., diversified knowledge and skills, which enable staff members to cope with entirely new demands. What is more, most Interflug jobs are highly specialized as it is. It will therefore be necessary to set new standards for flexibility as well as specialization and to redefine both categories. This can only be achieved through the integration of job training programs into the reproduction process.

One altogether crucial contradiction is based on the fact that the Interflug staff's overall educational potential is extremely high but that the existing adult education system is only partially able to transform this potential into practical aptitudes.

But the skills of the workforce, coupled with a positive attitude toward their jobs, constitute that very productive force, that singularly inexhaustible social development resource to which the classical thinkers kept referring in their writings.

In other words, the task is to organize this adult job training system at Interflug in such a way that knowledge is transformed into skill and skill is transformed into productive force.

The aptitude of an individual worker represents the level reached by him in terms of an interiorized composite of job-specific and work-relevant knowledge, ability, skill, and habit. This is another way of saying that it represents a quality higher than the sum of the separate components. In conjunction with the right attitude, this aptitude produces the kind of behavior which cements the productive force of the workers.

This context is also emphasized by a quote from Goethe which graces the entrance to the new flight training center:

"It is not enough to know/One must also apply [one's knowledge]/It is not enough to want/One must also act."

How Not Only To Want But Also To Act

More than 7,000 visitors have already seen the flight training center. They found that Interflug's interests go a good deal further than to establish a modern physical and technological plant for the education and training of its staff. Interflug was and still is interested in creating a complex system of resources to assure the future efficiency of its civil aviation workforce, the exchange, communication, and cooperation of knowledge and the skills of all staff members, ranging from academics all the way down to skilled workers.

This represents a new and more comprehensive concept which calls for fundamental changes above all in the planning and management of advanced training programs.

The flight training center represents the core of this comprehensive system. Its primary mission is to develop and maintain the professional skills of the entire Interflug staff as well as to ensure the highest level of technological discipline in the cooperation of all collectives taking part in civil aviation and to employ the most up-to-date scientific methods to set up all the education and training programs necessary for achieving this goal, i.e., by carrying them out with greater intensity, spending less time on them and drawing on all collective and individual resources.

Three important conditions had to be met in order to permit the airline's training program to accomplish these goals:

1. The education and training facility was not to be conceived, established, and maintained outside the reproduction process but as an integral component of it.
2. A comprehensive solution had to be found in order to have the training center reflect all aspects of the reproduction process as closely as possible and to provide for training programs which enhanced the psychological and physical capabilities of all staff members.
3. The center had to draw on the most up-to-date equipment and scientific methods to intensify the education and training programs and make them more efficient.

Some of the demanding tasks that have arisen are quite new for the full-time and part time training staff as well as for the center management.

Training Methods To Achieve These Goals

The main thrust of the center's basic training plan outlined below is to develop maximum professional skills and to combine the resulting efficiency with maximum job motivation both on the basis of the physical and technological skills acquired in the training program and the individual staff member's existing skills. The latter represent a substantial guarantee for the success of the plan and also determine its principal components.

1. As a rule, the staff members who attend advanced training programs at the center already possess wide-ranging knowledge and in many cases have acquired state or operator's licenses. Those with academic backgrounds have successfully passed their examinations at domestic or foreign learning institutions. This proof of higher education is frequently labeled "education potential" without taking account of the fact that this potential diminishes with time if not properly used and that skills on paper are not to be equated with actual professional skills.

Just the same, it may be assumed that the Interflug staff's potential along these lines is extraordinarily high. Under the circumstances, the education programs presented at the center are defined as a component of skill development and thus do not represent the very focus of the training scheme.

2. Most of the members of the civilian aviation staff possess long years of experience. They possess the know-how, the skills, aptitudes, and habits required for successful performance of their duties; but these need to be updated on a continuing basis in order to keep pace with rapidly changing developments.

To organize all the advanced training programs more efficiently, the center will have to make greater use of this potential of professional experience than heretofore and this will also entail more individually-paced instruction programs.

3. By now there is significant evidence for the fact that staff members are prepared to spend part of their off hours on developing professional skills, if the appropriate conditions exist. The efficiency of the advanced training program as a whole which takes a lot of time as it is calls for exploiting this vast potential by means of educational-organizational procedures.

4. Interflug has a permanent staff of about 250 experienced and highly qualified part time instructors who have been an integral part of the training program for many years and thus represent a significant factor in the realization of an effective educational concept.

5. The flight training center's permanent staff has proven its high level of motivation and efficiency in a number of difficult situations. The academics and the technicians on the staff are increasingly becoming a true collective dedicated to the educational precepts of the institution. The collective's valuable experiences must be combined with the newly created technical capabilities to help cope with the entirely new educational tasks.

The center's new education plan brings together the abovementioned subjective and objective potentials and links them to objective needs and existing technical capabilities.

Principal Guidelines

In this context the principal guidelines of the plan can only be outlined very briefly. They are arrived at in accordance with the goal-content-method ratio of the actual educational programs to be presented at the flight training center.

1. Training programs are the principal means employed to develop skills. Training programs concentrate on on-the-job training which takes account of the factors which determine the actual work process. Other types of training such as attitudinal training and training for individual psychological conditioning are increasingly being used, e.g., social psychology attitudinal training, anti-breakdown training and training in negotiating skills.

2. To teach the operation of man-machine systems, priority is given to training on simulators which are used to exhibit educationally meaningful scenarios and situational varieties. This applies above all to the training programs for cockpit and flight control personnel but also to those for engineers responsible for diagnostic systems and to computer training on all types of jobs.

3. Wherever and whenever simulator training is not possible or feasible, professional skills are taught with the help of hands-on workplace scenarios and the training programs based on these. Major elements of reality training include real time communication with Interflug data and information systems and coping with the kinds of physical and psychological stress occurring in real life situations.

4. Various types of training programs are presented, e.g., individual training; training of work collectives and training of comprehensive cooperation between several work structural units. Their aim is to develop both the skills and the predisposition to total technological discipline which is the prerequisite for flight safety.

5. Through the use of television, the two principal advantages of video-assisted instruction and training programs are gradually coming into play as regards the improvement of efficiency of advanced training programs, i.e.

—maximum job-specific and educationally-focused clarity which is the "bedrock of all knowledge," according to Pestalozzi;

—acceleration and in-depth impact of learning processes surpassed by no other methodology which help correct behavior through self-confrontation.

6. Entire teaching programs are increasingly being transferred to the computer. The assumption is that only by developing and using large amounts of "courseware" will the proper environment be created both for setting efficiency-oriented goals and the possibility of achieving quantitative goals with the help of existing resources.

The first of the steps outlined above represents a general educational principle whose complete realization calls for temporary overemphasis. The maxims listed under (2) and (3) call particular attention to the need to combine technical resources and educational precepts in a unified program. The goals listed under (4), (5), and (6) above represent the crucial area of collaboration between the teaching staff, the software and video specialists and the operational experts. They are the ones who are expected to create more and more computerized training programs both in terms of content and methodology. Such programs cost a lot of money but these costs will also determine how successful the rationalization efforts are which can ultimately lead to a substantial reduction in working time.

Making Full Use of Electronics

The center's entire arsenal of computers, videos and automated simulators and demonstrators has come to be known collectively as "Bildungs-, Test-, und Trainingselektronik" or BTTE [Educational, Test, and Training Electronics]. As has already been said, wide use of BTTE is expected to heighten the efficiency of the comprehensive training and advanced training system. That is why great efforts are being made during the developmental stage to help these technologies achieve a broad-based breakthrough. It has been demonstrated on various occasions that computer technology cannot simply be grafted on to an existing production process. This also applies to the process of education. It, too, must be adapted to the new set of circumstances and there is a particular need to pay careful attention to the great number of interfaces.

The findings with regard to the realization of the training center's theoretical basic guidelines may be summarized under the following three headings:

1. The use of BTTE will only make an revolutionary impact, if the entire educational strategy both of the operational sector and the flight training center are adapted to it.

The full time and part time teaching staff must learn to incorporate and master BTTE-assisted teaching and training methods. The workforce must be taught how to make use of these new learning and training practices.

The use of BTTE is accompanied by thoroughgoing changes in educational programs which must take account of individual and collective work and make room for both.

Overarching programs designed to accomplish this are to be initiated by the flight training center but must no longer be operated by the center on its own.

Here are some examples:

—appropriate changes in licensing procedures and in the basic organization of advanced training programs;

—targeted furloughs for operational experts to allow them to join authors' collectives working on courseware;

—step by step establishment of job-specific, computer-assisted data bases in the Interflug operations sector.

2. The proper organization of work with the authors' collectives is a determining factor for the efficiency of the labor potential used toward the end. Since this was not recognized clearly enough at the outset, it resulted in duplication of effort and even in the creation of expensive but educationally useless programs. In order to keep this from happening again in the future, a central advisory board made up of educators, psychologists, computer programmers and video experts was called into being. It serves to coordinate the work of the authors' collectives in accordance with the center's basic guidelines. The members of the advisory board are also responsible for working out methodologies to assist the authors in their work, for instructing the authors' collectives and for approving program ideas as well as the completed programs themselves. The board may make suggestions regarding the design of courseware modules. Combined with the experience gained by the authors' collectives, these modules which can also be used in other programs (and their prompt accessibility in a module library) represent the principal resources for a 350-fold reduction in courseware programming time.

3. The development of a wide-ranging initiative aimed at designing programs must not result in BTTE being used for its own sake—the more so, since it does replicate itself. It is to be employed on a priority basis wherever it may be expected to have the greatest impact, i.e., where it will serve a large number of users or support large-scale learning routines. There is an equal need at the very outset to perceive the inherent educational potential of this technology, e.g., as a means of educating the individual to maintain technological discipline.

Onward Development of Existing Resources

The flight training center's new guidelines are increasingly reflected in the content and methodology of the 300 or so courses which make up its annual program. Repetitive and expensive aptitude tests as well as examinations on health protection, occupational safety, and fire prevention have for the most part been transferred to computers which has substantially reduced the time spent on these procedures. The BUS system used for this purpose is well suited for further rationalizing simple control procedures of this kind with the help of workstation or personal computers available both at the Interflug flight training center and at the airline's offices.

Complicated and greatly diversified training programs are the job of high-efficiency teaching machines. The VACBI system has already passed the acid test, enabling Interflug personnel to receive basic instruction in preparation for the activation of the Airbus A310's and providing secondary A310 instructions to the cockpit, cabin and engineering staff which met the demands

connected with the introduction of high performance technology. At this time, a first set of programs developed by the center via the system's author mode is being tested. As of July 1989 the flight training center has had the MASCOTTE system at its disposal. These teaching machines which also are among the best in the world have to be programmed by Interflug on its own. For this purpose working groups have been formed whose responsibility it is to join forces with the teaching staff in designing the most effective applications in different areas for this system; to work out long range terms of reference and to start on the concrete design of such teaching and training programs.

The flight training center's video center produces television programs tailored to Interflug needs based on scenarios written by the members of the full time and part time teaching staff which have proven greatly to enhance the efficiency of the training programs. The video center also provides programs purchased both domestically and in foreign countries as well as off-the-air videotapes. Thus far, television has not been used enough as an interactive training medium or in cases where computer-assisted programs may be too expensive or not feasible for other reasons.

Literature catalogs, video catalogs, computer program catalogs and catalogs containing information on self-taught programs provide quick access to all available training aids and their use by individuals and in team settings, e.g., group seminars, service training, etc. Material can also be telefaxed and multiple copies of individual texts can be made. All users are professionally advised and supported by the teaching staff of their particular disciplines. Arrangements have also been made to grant access to the study areas outside normal working hours and on weekends—which has proven extremely popular.

Thus, the flight training center is being used in four different ways which both complement and determine each other:

- planned training programs in accordance with the annual programs worked out by the Interflug operational divisions;
- planned programs for advanced on-the-job training, e.g., group seminars, service training, team training sessions;
- individual training programs and self-taught instruction;
- scientific events and forums.

The programs are adapted to actual operational needs by means of annual agreements between the various divisions of the airline. In this regard it is also necessary to learn to master the dialectical relationship between planning and flexibility so as to take full advantage of newly created opportunities while simultaneously lowering social costs systematically.

The next goals are the following:

- to introduce the kind of rationalization measures in the overall civil aviation skills development system that meet the new demands and to integrate the flight training center as effectively as possible into that system;
- in accordance with developments in the various operational units to introduce the necessary reforms in content and organization of all planned training and advanced training programs on the basis of the above-mentioned guidelines up to and including the development of marketable sales programs;
- to widen the role to be played by the full-time and part-time teaching staff in the achievement of these exacting overall goals;
- to complete work on the flight training center's overall technical program, particularly with regard to the installation of flight simulators and real-time data links and their application to the instruction programs, and
- to work out Interflug-specific courseware in comprehensive collaboration with the airline's operational units;
- to intensify cooperation with other airlines in the area of basic instruction and advanced training.

Nuclear Power Plant Flaws Examined

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ALLGEMEINE in German 17 Mar 90 pp 7-8

[Article by Guenter Paul: "Brittleness Isn't the Only Danger—Risky Nuclear Technology in Greifswald"]

[Text] Lubmin, 16 Mar—When one speaks of Greifswald, then recently the nuclear power plant in the north of the GDR located in the neighboring locality of Lubmin has been part of the discussion. It is a facility composed of four reactor blocks that went into operation in the 1970's and that in the future is to be expanded to Blocks 5 through 8. It is said that the plant is run down and the management is irresponsible. A commission of specialists from the Ministry for Environment and the Society for Reactor Safety ("Toepfer Commission") has recently recommended that Block 2 of the nuclear power plant that was shut down as a precaution not be started up again because of the worsening brittleness and that Block 3 should also be shut down. They adhered to this recommendation in the GDR, for the weaknesses of the plant are not unknown there.

East Berlin was once heavily involved in the development of nuclear power technology. As early as 1957, the GDR put into operation the first German research reactor (Rossendorf). In 1966, they started up the 70-megawatt facility at Rheinsberg, a pressurized water reactor (WVER 70) that was built to Soviet designs and

was developed almost 70 percent by the Scientific-Technical Office for Reactor Construction in Berlin and by the Office for Nuclear Research and Nuclear Engineering. In pressurized water reactors, the cooling water is channeled through the reactor core. It transfers the heat taken up there to a closed water circuit. The water of this secondary circuit vaporizes and drives the turbines to generate power.

What began as a progressive development in the GDR was to end miserably. In April 1955, an "Agreement on the Assistance of the USSR to the GDR in Development and Research in the Area of the Physics of the Atomic Nucleus and the Utilization of Atomic Energy for the National Economy" was signed. A resolution of the Council of Ministers followed at the beginning of the 1960's saying that in the future nuclear technology should be imported complete.

The purpose of this qqqw was to divide up the work on major projects among the CEMA states so as to be able to achieve the desired objectives more quickly. At that time the GDR wanted, among other things, to develop its own large aircraft. The cumbersome exchange of "goods for goods" was implemented. The Office for Nuclear Research and Nuclear Engineering was dissolved in the GDR in 1962. New blood mostly deserted the projects. Thus, there was no longer anyone warning against false developments. At that time, according to Prof. Ernst Adam from the Energy Conversion Section of the Technical University in Dresden, the GDR departed from world standards.

In those days, East Berlin had to buy from the Soviet Union what it offered and in nuclear engineering that was the pressurized water reactor WVER 440-230 with 440 megawatts of power. The suffix "230" stands for the long obsolete construction line that was later replaced by the much safer type WVER 440-213. There are a total of 14 reactors of the type 230 in the former Eastern bloc and they are in the Soviet Union, Bulgaria, the CSSR, and the GDR. Two other reactors of this type in Finland have been "hardened" with Western safety technology.

One of the disadvantages of this reactor is that it was supposed to be transported by rail and therefore its size had to be kept down accordingly. In every reactor, neutrons are set free that make the reactor wall brittle. Small cracks form that are not harmful at first. Normally such cracks can spread only at low temperatures that do not occur in operation. The more brittle the material is, the higher is the critical "transition temperature," so that the cracks ultimately become dangerous in operation.

The neutron bombardment that leads to brittleness can be mitigated through water between the reactor core and reactor wall. In the case of the WVER 440-230, however, the column of water is so small (because of the requirements on the size of the reactor) that the walls necessarily become brittle sooner. In the case of reactor Block 2 in Lubmin, the critical transition temperature, according to their data, has now reached 147 degrees, the

limiting value considered just barely admissible. This is why this block was recently shut down.

No one, to be sure, knows for certain what values are really critical for the reactor. In the West, they hang "advance samples" in the reactor core to assess the danger of brittleness: they are made of the same material as the reactor wall. Since they are subjected to a stronger neutron bombardment than the wall, they become brittle sooner and serve as a warning signal for the operation of the facility.

In the case of the WWER 440-230, it would be difficult to attach these samples because of the small dimensions of the block. Only Finland has insisted on their installation. Moscow rejects complaints in the GDR, which has no such samples. At a conference of the International Atomic Energy Organization (IAEO) held in 1977 under the motto "Nuclear Power and Its Fuel Cycle," a representative of the FRG asked the Soviet guests why they had delivered their old reactors without the usual pressure containment. The clear answer: when our customers order a suit with vest, we delivery it with a vest, otherwise we omit the vest.

Although there are no brittleness measurements for the WWER 440-230, there are at least calculations. But Friedrich-Wilhelm Heuser from the Society for Reactor Safety in Cologne thinks that these calculations are completely unreliable, because they are based on tests with less impure kinds of steel. And comparative values from advance samples out of the Rovensk Nuclear Power Plant in the western Ukraine (WWER 440-213) are only conditionally applicable to Lubmin, because no nuclear power plant is like any other.

Wolfgang Brune, deputy general director at the nuclear power plant North, points to additional investigations in Novovoronezh. There they sacrificed a pressurized water reactor of the type WWER 200 in 1987 to measure the brittleness based on drilling cores from the pressure vessel. They previously also tested the technique of "thermal healing" on the reactor: to a certain extent, the brittleness in the reactor wall can be eliminated through intense continuous heating. The reactor Block 1 at Lubmin was again made suitable with this technique in 1988. The Soviet Union has guaranteed that 90 percent of the brittleness there has been eliminated. So far, however, there have been no material tests that can confirm this.

Supposedly Block 3 of the facility at Lubmin was not shut down based on the recommendation of the Society for Reactor Safety but on the basis of the advice of the Soviet Prof. A.D. Amayev, which was merely taken over in Cologne. Amayev, reports Brune, found out six months ago that under certain circumstances (in the case of a limited neutron flow) the brittleness can spread more rapidly than would normally be expected. But the quantitative proof is not yet in. Every nuclear physicist knows about this effect, says Heuser in Cologne. The shutting down of the block was therefore absolutely

necessary. Official posts in the Soviet Union, on the other hand, have criticized the GDR for the "hasty" shutdown, probably because the reactors that they operate also get talked about.

Aside from the brittleness—which can be controlled if it is known—the reactors stationed in Lubmin have some special features that would not be permitted in the FRG. The absence of the pressure containment customary in the West is conspicuous. The reactor buildings in Lubmin have a leak rate of almost 1,000 percent by volume per day. That is, every day a volume of air slightly contaminated with radioactive particles escapes that is equal to 10 times the volume of the building. A leak rate of 0.5 percent by volume per day is expected for the planned Blocks 5 through 8 (with containment); a leak rate of 0.1 percent by volume per day is usual in reactors of the FRG.

In the GDR, they knew from the beginning that the reactor buildings could not be made completely air tight because of the door cracks and pipe sockets. When the first part of the facility was supposed to go into operation in Lubmin, the operators therefore demanded an "integral leak test." But there was no equipment for this anywhere in the Eastern bloc. Moscow did not know how the test was supposed to be performed and it was proposed that the leaks be measured only at two or three typical exit points. Because they could not agree on the procedure, the then Premier Stoph decided to begin trial operations.

Although the reactors in Lubmin do not have any containment, the nuclear power plant there does not appear to be any worse radiologically in normal operation than American nuclear power plants. To be sure, as admitted by Hans Scheel, vice president of the State Office for Atomic Safety and Radiation Protection [SAAS] in East Berlin, the metrology of the GDR is not adequate for certain tasks. Thus, there are no high quality spectrometers for precise measurements.

The nuclear power plant North has been monitored since December by a complete incident radiation measuring system of the Siemens firm. Even in the exhaust chimney, they say, the radiation values are surprisingly low. Heretofore workers had more often received an excessive—but within the allowed limits—dose of radiation in adjusting X-ray equipment for material testing than in the nuclear power plant. And that, according to Scheel, is because of the improper use of the equipment.

The SAAS understands the population's displeasure over the previous policy of secrecy and it also understands a certain uneasiness. But the secrecy was ordered from above, they say. No one felt good about that. Almost all the orders came from above or from the Soviet Union, toward which many of those responsible are ill disposed. What Moscow said, was an order. Every letter from the Soviet Union was stamped "confidential" and under penalty of law could be shown only to those who needed

to know its contents for their own work. Such letters are now shown willingly in the GDR. Times have changed.

The secrecy could very well also be the reason for the fact that until now little was known in the West about the course of safety discussions in the Eastern bloc. As early as February 1987—a few months before Chernobyl—Ernst Adam from the Technical University in Dresden had drafted an expert opinion on a then current “reconstruction proposal” by the Soviet Union for Blocks 1 and 2 of the nuclear power plant in Lubmin. Naturally it was “confidential.” Among other things, Moscow had recommended the establishment of a redundant multistage emergency cooling system for leakages in pipes up to 200 mm in diameter as well as measures to raise the fire safety. Under the previous Soviet understanding, the high grade steel coolant lines more than 100 mm in diameter needed to be secure against breaks, so that measures against larger leaks were considered superfluous.

The discussion on the safety of the reactors of type WWER 440-230 spread rapidly in the Eastern bloc. Above all the GDR took action. Last summer, at the suggestion of East Berlin, the “control agencies in nuclear energetics” of the Soviet Union, Bulgaria, the CSSR and the GDR agreed on a “standpoint” with 16 principles setting forth new minimum requirements to guarantee an acceptable safety level for the blocks.

They mention, among other things, measures to increase the tightness of the pressure room system and to reduce the loss of radioactive substances to the environment and additional measures for fire protection. The Society for Reactor Safety has recently criticized the danger of fire in the power house of the nuclear power plant North. No one knows what it would cost to carry out the necessary measures. Last fall the Soviet Union estimated that an extensive reconstruction of the nuclear power plant in Lubmin would be just as expensive as a new building.

Toepfer Commission as Highest Court of Arbitration

The fact that so far only a few practical conclusions have been drawn from the recommendations—even though there are now plans for the establishment of reactor safety and radiation protection commissions—probably has to do with the economic system of the GDR. An example for this is the construction site in Stendal, where a new nuclear power plant has been under construction for years. There they are never certain what supplier (from the states of the Eastern bloc) will send certain structural parts and when. And the material allocations from East Berlin also seem to be based on the principle of randomness. Thus, many structural parts that have already been delivered just rust away.

One is constantly hearing that this is not a safety problem but a purely economic problem. When a component rusts too much before it is installed in the facility, then it just has to be replaced. The cooling towers, among other things, are ready but they are not needed

until 1994 at the earliest. After a long wait, a member of the board of the Karlsruhe Nuclear Research Center was allowed to view the construction site last spring as the first visitor from the FRG. No one had dared to issue the permit for the visit. That was ultimately left to Guenter Mittag.

There was especially serious political interference in Lubmin in 1982. At that time, serious corrosion leakages were discovered in 1,132 of 33,216 thin needle heating tubes of the steam generators of Block 1. The corrosion appeared primarily where the tubes were “supported.” The reactors of type WWER 440-230 are considered “good natured” because their steam generators lie horizontally and hold large quantities of water: in the case of an incident, the water can carry off the residual heat of the reactor for six to seven hours, so there is more time for actions than in Western nuclear power plants. This cost of this advantage was the disadvantage of the unfavorable tube supports.

The real reason for the corrosion was finally found in the high copper content of the high and low pressure preheaters of the feed water in the secondary system. The copper mixed with the residual salts of the sea water that circulates in the secondary system and was then deposited in the mount areas of the needle tubes in the heat exchanger. In Lubmin, they pointed out at that time that the harmful copper content in the water could not be measured with the instruments available in the East. The corrosion, it was said, was the result of Soviet construction defects. Moscow did not want to go along with this evaluation. For this reason, under Soviet pressure, Fischer, the then general director of the nuclear power plant, was dismissed for “unsatisfactory management.”

As a result of the incident, they changed the still disputed “water chemistry” in the secondary circulation in Lubmin. Chemicals are now added to the sea water to compensate for the salts. The copper-rich materials were replaced by copper-free special steel. The Kraftwerk Union was entrusted with the periodic monitoring of the state of the steam generators. Leaky needle tubes have been pegged shut since then.

The most serious incident so far in Lubmin took place in 1975. In an inspection of the facility last month, the IAEA classified the incident Category 3 (“serious incident”), but at the same time pointed out the in general obviously quite reliable operation of the nuclear power plant. (Of the 1,191 events registered in 1988 and 1989, the IAEA assessed only six as being of moderate importance. The rest were so minor that they can no longer be registered in the safety scale). The incident in 1975 began with a cable fire in the power house that was caused by gross negligence. A foreman wanted to show an apprentice how one is not supposed to work and thereby bridged safety devices in such a way that there was a short circuit. (Since that time, certain parts of the facility can no longer be entered by one accountable person alone.)

As a result of the short circuit, a relay serving as overvoltage protection failed and the reactor was automatically shut down.

At this moment, the emergency feed-water pumps for the steam generator should have started up but they did not. In the incident, the "good nature" of the reactor with the large amount of water of its steam generators worked out positively. Altogether there were about 10 defects, of which the most unpleasant was probably the failure of the indicating instruments for several minutes. Gradually the safety devices melted through and again and again some of the instruments "were blinded." The workers were busy with the installation of new safety devices. No sooner were they ready at one place when they melted through somewhere else. No one knows the reason for this to this day, says Wolfgang Brune. But the block attendant never had the (subjective) impression that the process—the entire course of the incident—was out of control.

Overall the nuclear power plant North offers advantages as well as disadvantages relative to Western facilities. But there can be no getting around retrofitting if one wants to continue to operate the reactors. The responsible officials in the GDR are aware that much in the facility is obsolete. They say that the Toepfer Commission is acknowledged to be the highest court of arbitration. The people in the GDR are willing to accept as binding whatever this commission recommends in its final opinion.

Auto Executive Interviewed on Industry's Future

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[Interview with Dieter Voigt, head of the IFA Combine, at the Leipzig Trade Fair, by SPIEGEL editors Dietmar Hawranek and Hartmut Volz: "To Survive the Next Year"]

[Text]

[Box, p 141]

The GDR Vehicle Industry

This industry consists of three groups:

- The IFA Automobile Combine (29 plants, 65,000 employees)
- The IFA Two-Wheeled Vehicle Combine (7 plants, 15,000 employees)
- The IFA Truck Combine (25 plants, 50,000 employees).

Production ranges from bicycles and motorcycles to Trabant and Wartburgs to light and heavy trucks. IFA (Vehicle and Trailer Industry Association) was created in 1947 when all vehicle factories on GDR territory after the Second World War were combined.

Dieter Voigt, 51, has been head of the automobile combine since 1982. An automobile engineer, he has long sought cooperation with FRG automobile firms. Former SED [Socialist Unity Party of Germany] man Voigt does not consider himself as belonging to any party today. Although he never quit the SED, he also did not join its successor, the PDS [Party of Democratic Socialism.]

[DER SPIEGEL] Mr. Voigt, when will the last Trabi be built?

[Voigt] According to our plans it was supposed to be in three years. At that time, production of the VW Polo, which is starting up slowly in September in the Trabant plant in Zwickau, was supposed to be going at full capacity and Opel and we were supposed to be building the Kadett or a similar model together in the Wartburg plant in Eisenach.

[DER SPIEGEL] That plan presumably is out of date as far as the Trabi is concerned. The long 12-14 year waiting periods are a thing of the past. Today anybody who wants a Trabant can go the sales office, pay for it, and take delivery immediately. But hardly anybody wants to buy one.

[Voigt] That's a matter of great concern to me. Just four weeks ago we were still supplying automobiles ordered in the mid-1970's. By the start of this week we'd already gotten to orders from 1982. Today anybody can have a Trabant, at least the two-stroke model. The sales figures are getting worse almost by the hour. The situation's similar for the Wartburg. People in our country are worried. They're waiting to see what will happen to their money, whether there'll be a monetary union soon.

[DER SPIEGEL] Then can GDR citizens who signed a Trabi contract years ago just refuse to take possession of it?

[Voigt] Yes, it's as simple as that. The order only obligates us to supply a car, but not the customer to buy it. In the past that was no problem, with the long waiting period and a waiting list of 6 million people in the GDR.

[DER SPIEGEL] How much have you decreased production already?

[Voigt] Not at all. We're still working three shifts, still producing an average of 540 Trabants a day.

[DER SPIEGEL] What are you doing with them?

[Voigt] We supply them to government enterprises and institutions. And we want to step up exports, to Hungary and Bulgaria for instance. We're hoping that will enable us to keep production stable for a few more months yet.

[DER SPIEGEL] Things could get tough for you. Is there a danger of mass firings?

[Voigt] I wouldn't even want to think about that at this moment but if things go on this way, many jobs will in

fact be in danger. Of the 65,000 employees just in the IFA Automobile Combine plants, 60-70 percent could lose their jobs. The situation's just as bad in the many small enterprises that work for us. They employ 85,000 people.

[DER SPIEGEL] Could you give us an example?

[Voigt] I just had a talk with a supplier, the director of VEB [state enterprise] Fahrzeugelektrik Ruhla. He's kind of in despair. He makes windshield wipers, headlights, and other things for the Trabant. Of course he knows that there's no hope for that part of his enterprise if we suddenly decrease production. In the automobile sector, with the Trabi and the Wartburg, a total of 100,000 jobs are at stake. But that's just the obvious ones. It would certainly be more than that. Throughout the truck industry, in other words from light trucks to heavy semis, jobs are at risk there too.

[DER SPIEGEL] About how many?

[Voigt] I can't even begin to guess. All in all, every sixth job in the GDR depends on the automobile industry. If it collapses, it would have devastating consequences.

[DER SPIEGEL] We're surprised to see a company manager making such gloomy predictions instead of spreading optimism. After all, you've just announced deals for cooperation with VW and Opel, which offer hope for the future. And Mercedes-Benz wants to get involved in IFA's truck production too. Why the panic then?

[Voigt] I don't want to spread panic, just warn. The politicians, especially in Bonn, want to bring about the economic and monetary union of the two German states as rapidly as possible. However, they're totally ignoring the damage it could do to the entire GDR consumer goods sector if things go too fast.

[DER SPIEGEL] Your fellow general directors seem to see things differently. At the Leipzig Fair, for instance, the mood is generally good, isn't it?

[Voigt] It might be that other people, for instance in the electronics industry, i.e., in this country's microelectronics and home electronics industries, should be warning about these dangers too. After all, those sectors are even worse hit by competition from the West than we are. But unfortunately you're right, I don't hear any voices of concern from them.

[DER SPIEGEL] What do you expect then?

[Voigt] Above all, I expect responsible action from the governments in both German states. Certain industries in the GDR—and I include the automobile industry—need to be protected for a while.

[DER SPIEGEL] And what sort of protection do you have in mind?

[Voigt] You could either subsidize our cars or introduce a protective tariff on imported cars. Naturally, only until we've really gotten under way with production of new cars like the Polo.

[DER SPIEGEL] A special offering for the Trabi and its like probably wouldn't go over with people in the GDR. Do you want to force people to buy totally obsolete products?

[Voigt] Of course not, but what's at stake is whether large parts of our economy will be able to survive the next year. What's at stake is jobs, people. Subsidizing the Trabant, for instance, for a limited time to allow us to sell it for less than now would certainly cost less than unemployment benefits for thousands of people.

[DER SPIEGEL] It's obvious that you find it hard to let go of the planned economy.

[Voigt] That's nonsense. I only want to make the transition from plan to market as socially acceptable and painless as possible for people.

[DER SPIEGEL] Mr. Voigt, for some time now you've been trying to get partners in the West. Citroen and your combine are producing cardan shafts, you're making engines for VW, and now we've got the production of Opel and VW models too. Are there still other car manufacturers that want to do business with you?

[DER SPIEGEL] We've had intensive talks with Fiat, Renault, and Citroen. That was before the autumn of last year. Then in recent months there have also been talks with BMW and Mitsubishi.

[DER SPIEGEL] What did BMW want?

[Voigt] Unfortunately they didn't want us to build cars, even though BMW once produced in Eisenach. No, but we could produce parts for BMW in Eisenach, as well as tools and special machines. We're still negotiating on that.

[DER SPIEGEL] Are the Japanese rushing for Eisenach and Zwickau too?

[Voigt] Let's put it like this: the talks with Mitsubishi still haven't gotten to the starting line.

[DER SPIEGEL] What about your plans to develop a car of your own as a successor to the Trabi and Wartburg?

[Voigt] We'd already abandoned that last year.

[DER SPIEGEL] After the revolution?

[Voigt] Before that, in September. We realized then what our limits are.

[DER SPIEGEL] But at the end of the year you'd announced that you and VW were going to develop a real successor to the Trabant.

[Voigt] That was a misunderstanding, but we just let it slide without issuing a denial to the press. It would have

been a mistake to try to go ahead with models of our own. We'd long since missed the boat. Even back last fall we were only thinking about how to integrate IFA into a VW product line.

[DER SPIEGEL] How was that supposed to work?

[Voigt] We wanted to set up complete automobile production lines with VW both in Zwickau and in Eisenach. Of course, VW and we assumed that for a long time to come the GDR would remain a separate market where we could sell 400,000 to 450,000 cars.

[DER SPIEGEL] So as late as the start of the year you were hoping that you and VW would be able to control the automobile market in the GDR?

[Voigt] Yes, then we could easily have made a smooth transition from the Trabant and Wartburg to the Polo or Golf. But by February at latest, with Premier Modrow's statement on "Germany, united fatherland," that project went out the window too, because if Germany unites and every automobile manufacturer can sell its cars on the territory of what's now the GDR, then VW's likely to win a market share of perhaps 30 percent. In that case VW can't use two complete automobile plants in Zwickau and Eisenach.

[DER SPIEGEL] And then you quickly negotiated with VW's competitor Opel?

[Voigt] We wanted to ensure that the Zwickau and Eisenach automobile plants would continue to produce cars, that one factory wouldn't be reduced to just a supplier.

[DER SPIEGEL] Opel and VW are two tough partners. Who really makes the decisions in the joint ventures?

[Voigt] If you want to me to say that VW makes the decisions by itself, I'll have to disappoint you. We're well aware that our partners are very successful and have vastly greater capital behind them than we do. Nonetheless, we're an equal partner.

[DER SPIEGEL] The manger of the joint venture comes from Wolfsburg?

[Voigt] No, there are always two equal managers. And above them there's a management board from VW and one from IFA. This structure shows no one dominates anyone else.

[DER SPIEGEL] Would you object if VW or Opel would only link up with IFA if it had a majority?

[Voigt] I'm assuming that Opel, for instance, wants and needs to have a majority because of course the Eisenach plant lacks the capacity and the capital to be an equal.

[DER SPIEGEL] Then VW made a bad deal by comparison, didn't it? The people from Wolfsburg agreed to a 50-percent share.

[Voigt] No, so far we've only agreed that VW will invest 350 million marks and we'll match that with our plant, machinery, and such. We can match that 350 million, but things will be different this May or June when we sign the joint venture. Then we'll need investments of 4 or 5 billion marks, and that will alter the relationship.

[DER SPIEGEL] VW's assumptions have changed greatly since the negotiations got under way. Unification's on the way. Pay and social costs on what's now GDR territory won't be much lower than in the Federal Republic. Are you still sure VW will really invest billions or will the whole thing no longer be worthwhile for VW?

[Voigt] In the long run Opel and VW can't count on lower pay. Certainly pay in our plants will still be lower initially but on the other hand labor productivity is also considerably lower than in the Federal Republic. When VW and Opel crunch their numbers, they'll have to assume pay levels like in their own plants today.

[DER SPIEGEL] In the future, the GDR automobile market will no longer be a closed one, pay will rise. Won't it be far more attractive then for VW and Opel and others to set up automobile plants in Hungary or in Czechoslovakia?

[Voigt] I don't know what the Western firms' plans are. I do know, however, that the GDR won't continue to be the only location for automobile plants in CEMA.

[DER SPIEGEL] Why will the GDR even need automobile plants of its own in the future? Couldn't the demand be met from already existing plants in Western Europe, where there's already excess capacity?

[Voigt] There's a decades-long tradition of automobile production in Eisenach and Zwickau. We've got well-trained workers who are now outstandingly motivated too. All we need is a little time to change production over.

[DER SPIEGEL] Can workers who're still throwing Trabants together today be assembling Polos in a matter of few weeks?

[Voigt] The Trabant isn't thrown together. Of course our workers need to be trained for their new jobs. That's why we're starting out with a pilot facility and will gradually increase production. That won't happen overnight. But our workers have what it takes to do quality German work.

[DER SPIEGEL] Can you guarantee your customers that the Polos from Zwickau will be the same quality as the ones from Wolfsburg?

[Voigt] We'll have to. We won't have any breaking in period. However, we won't sell the first cars, we'll drive them ourselves.

[DER SPIEGEL] You came up as a manager in a totally different economic system. How fast can you make the switch? Have you taken a special course on the market economy?

[Voigt] Six years of cooperation with the VW management board—that was over the engine plant—I'd say that was a school of hard knocks. But I admit it's not easy.

[DER SPIEGEL] How long will you still be a general director?

[Voigt] In the past we were all appointees, appointed by the minister. Now we need to be reappointed, but I'm still not sure how that will be done.

[DER SPIEGEL] Then you want to continue on as head of an automobile company?

[Voigt] That's my firm intention.

[DER SPIEGEL] Mr. Voigt, thank you for this conversation.

HUNGARY

Economic Chamber To Reorganize, Decentralize

25000699F Budapest NEPSZAVA in Hungarian
5 Apr 90 pp 1, 4

[Excerpt] [passage omitted] [At Wednesday's Hungarian Economic Chamber press conference], Vice Chairman Laszlo Fodor announced that the organization will hold its general meeting on 28 April.

The date of the general meeting was advanced in response to accelerated political and economic changes. The most important basic principles will be affirmed at the general meeting: The Chamber is an interest group independent from any prevailing government, one that does not require state support. Any business organization may become a member of the Chamber, naturally including private firms and foreigners operating in Hungary, as well as their joint enterprises. The Chamber will not follow any kind of political orientation; it intends to represent the interests of the economy at all times. As far as its organization is concerned, the Chamber rejects its previously centralized structure. Therefore the Chamber regards as necessary a system built on regional and individual initiative, and on voluntarily established city chambers.

From among the timely goals, we may underscore the fact that the Chamber intends to establish a Hungarian Employers' Association. This organization could become a real partner to the government and employee interests—trade unions—in regard to wage agreements. At the 28 April general meeting, the Chamber wants to make clear its own economic policy negotiating base to the future government. The Chamber's recommendations extend to a certain sequence of steps to be taken, which appear to be necessary in order to comply with the

agreement reached with the International Monetary Fund for 1990. [passage omitted]

Entrepreneurial Development Funded at 4-Billion-Forint Level

25000699E Budapest ESTI HIRLAP in Hungarian
3 Apr 90 p 3

[MTI report: "Will Help the Evolution of Competition; More Than 4-Billion-Forint Funding Provided for the Foundation"]

[Text] The board of trustees of the Hungarian Entrepreneurial Development Foundation has been organized. The Foundation's most important decisionmaking body is composed of known, successful entrepreneurs, experts, and persons designated by interest groups.

The Foundation has been registered recently with starting assets amounting to 4.236 billion forints. Of this amount, 3 billion forints were contributed by the government. The Hungarian National Bank [MNB] contributed 500 million forints, the National Savings Bank [OTP] 350 million forints, and the Hungarian Credit Bank, Incorporated 300 million forints. Smaller amounts were contributed by the National Association of Small Tradesmen [KIOSZ], the Hungarian Economic Chamber, the National Federation of Small Trade Cooperatives [OKISZ], the National Association of Entrepreneurs [VOSZ], the National Commercial Credit Bank, Incorporated, the Real Estate Bank, Incorporated, the Hungarian Insurance Company, Incorporated, the Post Bank and Savings Bank, Incorporated, The Industrial Development Bank, Incorporated, the National Technical Development Committee [OMFB], and Dunabank, Incorporated.

It is the purpose of the Foundation to foster the evolution of a market economy and to contribute to the evolution of market competition. The expansion of small and medium-sized individual and partnership enterprises, as well as support of existing enterprises of this kind is indispensable to the achievement of these purposes.

The Foundation will grant loans at interest rates 10 percent below the market rate, and will invest capital in promising enterprises. To a small extent it will provide nonrepayable grants in support of activities. Applicants will compete for funds. Some banks have already begun providing loans, thus persons who intend to engage in entrepreneurial activities and wish to receive financial support from the Foundation should report at Post Bank, Incorporated, Dunabank, Incorporated, Kulcs Limited Liability Corporation Credit Bank, or OTP outlets.

Foreign Investment Policy Concepts, Changes Discussed

25000697F Budapest FIGYELO in Hungarian
5 Apr 90 p 3

[Interview with Peter Kiraly, chief division head in the Finance Ministry, by Emilia Sebok; place and date not given: "Should There, or Should There Not Be Tax Benefits Granted to Foreign Investors?"—first paragraph is FIGYELO introduction]

[Text] Specifying a late March deadline, the Council of Ministers charged the ministers of commerce and finance with assessing the record of foreign operating capital attracted to Hungary thus far, and developing investment proposals which better serve the interests of the Hungarian economy. The two ministers were to involve the heads of other institutions in this work. Emilia Sebok asked Peter Kiraly, chief division head in the Finance Ministry, about the expected results of the work that is of interest to many.

[FIGYELO] As the first part of the assignment, the government charged the two ministers with the assessment of the experience with foreign operating capital investments thus far, and with the identification of factors which hinder such investments. What was the main conclusion in this respect?

[Kiraly] The most important fact is that the corporate law and the related law concerning foreign investments in Hungary established clear-cut rules in this area. Since these laws went into effect on 1 January 1989, the number of joint enterprises has significantly increased; last year about 800 new companies were formed with foreign participation. The amount of capital invested did not increase in such spectacular proportions, but it did increase, nevertheless. It somewhat exceeded the \$300 million level, which is far less than the hoped-for \$500 million amount. And it is beyond doubt that in a majority of the establishments the amount of foreign investment is rather small. More than once the goal was only to place the previous activity, the former enterprise, under more favorable tax conditions. Thus, according to preliminary data, the amount of tax benefit enjoyed by joint enterprises is far greater than was expected; it amounts to about 1.5 billion forints. Similarly, at this time we have no accurate knowledge of how much foreign exchange the foreign members removed from the country in the form of dividends earned on last year's profits. But those dim predictions which hold that last year's profit transfers amount to about the same as the aggregate amount of capital imported are also unlikely. Although, along with unchanged conditions, this threat does exist in the longer term. And in viewing proportions, the statement which holds that in 1989 they sold out the Hungarian economy is groundless. There were indeed one or two outstanding cases, but compared to the economy as a whole these cases represented only a negligible proportion of capital.

The most criticized feature of foreign capital influx is the fact that there is an exaggerated desire to invest in commerce which promises quick and secure profits: of the approximately 800 joint enterprises, 300 were organized for commercial activities.

On the other hand, possible distortions must be corrected in such a way as not to weaken the foreigners' confidence.

[FIGYELO] Let us stick to the experiences. The Council of Ministers determination also requires that the factors which hinder the importation of foreign operating capital be assessed.

[Kiraly] We may speak of countless bureaucratic, tiny, yet aggravating impediments, but these are not the most important ones. It is the undeveloped state of the infrastructure, its total lack in certain branches that mostly and increasingly keeps the more serious investors away, and that is especially troublesome. And here we are not talking about the physical infrastructure alone, i.e. telephones, roads, and the lack of these, but about the undeveloped state of intellectual services. About banking services, the language capabilities of professionals, the possibility of obtaining foreign information, etc. These shortcomings frequently render foreign investment perceptions impossible to realize, and some good businesses do not materialize as a result. Reducing these shortcomings is an important task. We cannot even dream about doing away with these shortcomings in the foreseeable future.

[FIGYELO] What effect does the present political situation of the country have on foreign investment inclinations?

[Kiraly] The domestic policy situation that has evolved, one that appears as particularly confused to foreigners, most certainly discourages many to invest in Hungary. But it seems that those who recognize serious business potential in Hungary only postpone their investments until more stable times, and do not permanently surrender their plans.

Foreigners are influenced not only by Hungarian domestic political conditions, but also by the transformation of the whole of Eastern Europe, by the stability and instability of the entire region. Larger enterprises look far beyond the Hungarian borders.

[FIGYELO] In the framework of the expert task assigned by the government, one must think through the goals attached to foreign operating capital. This issue pertains largely to economic policy, because it involves the question of what role we assign to foreign capital in various fields of the economy. Do we prohibit, tolerate, or support foreign capital? But for the time being we have only reached a period in which the government is changing.

[Kiraly] This issue is of great significance with long-term implications. Thus, although we will satisfy the narrowly

construed task by 31 March, the new regulations must be developed in a manner consistent with the economic policy of the new government. It may be expected that preparatory work will last until autumn, at which time it would be possible to present to Parliament the revised regulation of foreign investment together with next year's budget and the changes in tax laws.

The basic issue pertains to the definition of investment policies as they apply to foreign operating capital, a definition that directs and distributes capital influx according to the interests of the Hungarian economy. On this basis a decision must be reached as to which fields of the economy we want to open in the long term or temporarily—with due regard for the existing conditions—to foreign capital, where we will allow it to flow, and within that, where we will support it.

Designation of the preferred activities, and even the classification of activities, are not expected to be easy tasks, because even if we set aside distasteful lobbying, some serious branch interests will be competing with each other.

In our view, foreign operating capital should be kept at a distance from our existing commercial banks which manage accounts, for a protracted period of time. A similar principle should also be followed in the case of public works enterprises.

Domestic commerce is also a critical area. But in this regard it is not desirable to permit the entry of additional foreign investors, primarily because of the present condition in which that branch finds itself. Foreign investors enjoy the one-sided advantages created by the distorted market conditions much more than they would improve the standards of activities with their presence. At first, and primarily, it is in this area that large-scale privatization should be implemented, dismantling the existing monopolies. Only thereafter should we permit foreign capital to play a greater role.

All other branches of the economy should be kept open to foreigners.

[FIGYELO] You did not mention the hotel enterprises, even though the great scandals of the recent past have exploded in that field relative to the attraction of foreign capital. What governmental position would be appropriate in this regard?

[Király] Also in general, but with regard to hotels in particular, it would be a useful goal to have foreign capital catalyze new ventures which expand capacities, rather than investing in the existing network, in well functioning hotels. In other words, one should not exclude foreigners from reconstructing, expanding, and raising the standards of hotels that have deteriorated. But they should not be able to tie such investments to receiving a share of the profits made by luxury hotels, which do well without them. It would be appropriate to prevent the sale of complete hotel enterprises. That is, there is no guarantee that despite initial promises and

commitments, the new company will deign to renew the deteriorated buildings, claiming that the situation has changed. They could simply sell those buildings.

Incidentally, this outlook already prevails in the present rules: Significant income tax benefits may be enjoyed only as a result of income produced by the operation of hotels which the investor has built, and these benefits do not apply to hotels that have been transferred.

Similarly, it would be inappropriate to permit the entry of foreign entrepreneurs to the foreign tourism travel bureau sector, as long as the supply is limited as viewed from the foreign exchange side and provides opportunities to earn extra income.

[FIGYELO] In regard to which activities, and by what means should foreign operating capital investment be supported and stimulated?

[Király] State intervention should take place decisively with regard to activities which increase the export capacity of the Hungarian economy and improve the integration of the Hungarian economy with the world market by providing modern technology. The group of activities which enjoy special income tax benefits, the so-called particularly important activities, is too large and not differentiated. This group of activities must be narrowed based on appropriate consideration.

Accordingly, the possibility of rewarding a small amount of foreign capital investment by granting tax benefits would cease to exist. But the activities that are judged as important from an economic policy standpoint should also receive tax benefits only for a certain period of time. Depending on the activity of companies with foreign participation, they would receive support only for a definite period of time, for a few years after the start. In order to grant a 100-percent tax benefit, the condition of reinvesting the profits should also be established. Thus we could prevent the rapid removal of capital and profits.

Consequently, the licensing procedures for establishing joint enterprises must also be placed on new foundations. The proportion of foreign capital participation, whether it is 49 or 50 percent is not important. This is the present borderline between establishing joint enterprises with or without a license. Instead of this system, one should establish the licensing criteria for foreign capital investment on the basis of the field in which the investment takes place, and the possibility that such investment is entirely tax exempt should also be determined on this basis.

[FIGYELO] But even thus far, Hungarian enterprises have been aggrieved about the fact that tax benefits are granted in relation to certain activities if a joint enterprise conducts those activities, while the complaining enterprises are unable to enjoy the same tax benefits. According to the perception you just described, this kind of discrimination would not fully cease in the future.

[Kiraly] Competition neutral taxation should not necessarily be realized on the basis that Hungarian firms receive the same tax benefits as foreign firms.

The average tax rate on profits is likely to stabilize in the future at today's 40-percent level, which is not high even on an internationally comparative basis, and if we succeed in discontinuing the other excises, then even this fact will not warrant the idea that foreign capital should automatically enjoy tax benefits. With this step we will come close to competition neutral regulation.

Further, if only the starting joint enterprises receive benefits for a few years, because in this way one may reduce the high cost levels incurred during the start-up period, this will not create any particular competitive advantage vis-a-vis existing enterprises.

The criticisms mentioned, however, will arise to a lesser extent in the future than they have thus far, because mainly those activities which have an indispensable need for developed technology, for the foreign partner's management knowledge, etc. may count on tax benefits.

All of this is of primary concern to the Hungarian economy, and for this reason we must commit ourselves to making certain amendments to the laws that are barely a year and a half old. Foreigners are scared away not by clear-cut regulations which enforce their principles in a consistent manner. The present, debatable, and proportionally exaggerated system of preferences is much more suspicious in their view. Matters that have become ripe for a change must not be postponed, if for no other reason, because once the domestic political situation is clarified and stabilized, one could expect to see increasingly strong inclinations by foreign firms to invest. It would be appropriate to receive them with safely, convincingly regulated conditions.

ROMANIA

Possibility of "Economic Miracle" Presented

90BA0071A Bucharest DIMINEATA in Romanian
18, 19, 20, 22 Apr 90

[Article by Professor Anghel N. Rugina: "An 'Economic Miracle' Still Possible in Romania—A Plan for Economic and Financial Recovery and Stabilization"]

[18 Apr p 3]

[Text] [Box, p 3]

The renowned economist Anghel Rugina was born in 1913 in Moldavia. In 1932 he was graduated from the Commercial Highschool of Galati, and in 1936 from the Academy of Economic Studies in Bucharest. During 1933-42 he worked at the Bucharest Central Bank. He won his first doctorate from the Academy of Economic Studies in 1942, after which he was sent by the bank for post-doctoral studies at the University of Berlin. Between 1944-48 he studied at the Freiburg University,

from which he obtained a second doctorate. In 1950 he published his first work in German: "The Type of Money and Monetary Systems. Fundamental Principles for a General Theory of Money and Commercial Activities." During the 1950-52 period he was invited to lecture at the University of Portland, Oregon, and since 1953 he has been a researcher for the Library of Congress, the U.S. Treasury Department, and the International Monetary Fund. For six years (1952-58) he taught economic sciences at the Niagara University, Connecticut. He received U.S. citizenship in 1956. For 20 years (1958-78) he was a professor of economic and financial sciences at Northeastern University in Boston, from which he retired. Since then he continued to lecture as a guest professor until 1986, when his second work was published: "American Capitalism at the Crossroads." He was appointed Chairman of Economic Advisers to the governor of Massachusetts. Mr. Rugina is a member of the Association of American Economists and of the Royal Economic Society of England.

His prolific work includes 46 major economic studies in English, French, and German. He worked on various economic recovery plans for France, the United States, and other countries. He has another 17 works in publication, among them a "History of Economic Thinking in Romania."

Mr. Jan Cepoi of Los Angeles had the kindness to send us a copy of a complex study concerning Romania's economic recovery proposed by the reputed economist. We will publish in installments this document, which can serve as a model for our future economic actions.

Let Us Not Repeat the Mistakes of the Past!

The Romanian people have suffered enough in their distant and more recent history. Some causes originated from inside, others came from abroad. Finally, Ceausescu's communist dictatorship was overturned thanks to the determination and sacrifice of those who were willing to give their lives for freedom and for Romania's political and economic independence. Many of them were students, that is, members of the younger generation, which was not contaminated by the Marxist ideology. A better future depends on them, too. Another contributing factor was the existence of unprecedented circumstances in modern history. The political map of Eastern Europe changed within the span of a few months only, without war. The "wine was fermenting" in the neighboring countries (as poet Octavian Goga put it), and the Romanians could not remain outside that process.

The sacrifice of the heroes of the Revolution of December 1989 must not be allowed to have been in vain. This is a unique moment in the history of the Romanian nation, which makes it necessary to reexamine both the distant and the more recent past in order to learn from them. We must not repeat the mistakes of the past; moreover, we must study them thoroughly. What we now need is unity "of mind and feelings," as another poet said. All well-meaning forces, all the light

and wisdom we have at home and in exile, must be mobilized to build a new social, political, and economic order in Romania, based on freedom, social justice, equity, equality, stability, and peace, in the country and outside it.

If we succeed in building such a "new order"—first on a general plane and then in practice—we will be able to lay sound foundations for an "economic miracle" in Romania, something that may seem unbelievable in the present conditions, i.e., at the beginning of 1990.

I. A Three-Year Transition Period for the National Economy

The transition from a regime of political and economic dictatorship to a system of freedom, social justice, and stability is not easy, but it is not impossible either. A three-year transition period is to be expected. We want to specify that this period of transition does not mean that reforms that are required immediately will be effected gradually over a period of three years, but that we will need a period of observation and of objective, scientific study of the national economy in action, with a view to specifically deciding which of the existing state enterprises are viable under the new regime of freedom, and which are not; furthermore, which of them may be turned into profitable enterprises, and which are completely impossible to utilize, that is, which will have to be dismantled sooner or later for being a permanent source of national losses.

The means by which we determine whether an enterprise is healthy (profitable) is the calculation of real market prices, both in the private and in the public sectors, in accordance with the law of social and economic justice, as we will further show in this plan, where the efficiency criterion is included. If there exists actual demand at a real price, then the respective enterprise is profitable.

1. What Not To Do

There are several vitally important things that must not be done.

1. The government must not immediately rush to take out large foreign loans, more precisely, not before at least one year of the transition period has passed, when the new order begins to consolidate. Of course, any kind of foreign aid is welcome and may be accepted at any time, but not in the form of loans.

In spite of all of Ceausescu's propaganda concealing the policy of starvation and impoverishment of an entire nation on the grounds that he was thus paying off the foreign debt, the truth is that Romania is still indebted to foreign banks, including the IMF and the World Bank, to the tune of over \$2 billion. A nation is well advised to borrow abroad only when it has unutilized resources, when foreign loans invested in the respective country may bring real, flowing revenues capable of covering the amortization of the said foreign debt, including the annual interest, plus a net profit. Today's Romania does

not meet this type of condition, although the need for modern equipment can always be justified.

The main problem is not unutilized resources (as is the case in underdeveloped countries), but uneconomically or unprofitably utilized (human and natural) resources, i.e., not in accord with the immediate needs (effective demand) of the domestic population. The import of foreign capital at the beginning of the transition period may compound the problem of restructuring the national economy, namely by infusing a sense of false optimism that the restructuring will occur of its own, in time, as soon as free markets are introduced. The reality is that the transition to a free, fair, and stable social economy requires certain structural changes that have nothing to do with the import of foreign capital.

2. Another thing that must not be done is isolated reforms separated in time, because in this way even positive reforms may lead to failure when the rest of the economy is unbalanced. All the basic reforms proposed under Chapter II of this plan must be implemented on the same "D-Day." Indeed, the plan is made up of several organic sections linked to each other to form a coherent whole within a program of economic and social rebirth determined by conditions of a generally stable balance.

We must also learn the due lesson from the failures suffered by other nations with similar problems. For example, the reforms effected in the Soviet Union between 1985-90, recommended by Gorbachev in the spirit of "glasnost" and "perestroika" ended in an inevitable fiasco. The main reason for that did not lie in the various conflicts among the cohabiting nationalities, but in the fact that the reforms were designed more for effect than in depth, were introduced gradually and in isolation from one another, timidly and without being incorporated within a general and consistent plan of stable balance.

Poland became caught in the same kind of vicious circle. In spite of all the aid pouring in from abroad, by January 1990 the economic situation was worse than in the spring of 1989. In principle, the cause was the same: failure to effect from the beginning the structural changes necessary for the transition from a stage of planned, state economy to a free social economy. The same will happen in Hungary, Czechoslovakia, Yugoslavia, and Bulgaria if they follow the same path.

I hope that the Romanian nation will not repeat others' mistakes or those of the past. The political battle for a democratic government and parliament is not as difficult, because free elections can solve this problem in a single day. More difficult to handle is the problem of political stability, which depends on the method used to evaluate the elections. The old proportionality practice leads to a proliferation of parties represented in parliament, which makes it more difficult to get together the necessary majority to form a stable government. The Anglo-Saxon method of absolute majority reduces the

number of political parties to two or three, out of which one will have a clear majority and can govern for an entire legislative term. The Romanian people must be informed about these things and consulted well ahead of time.

However, the biggest battle remains the economic, financial, and social one. The essential problem is how to achieve a healthy economic, financial, and social order that is inherently workable and can permit a better life for the Romanian people now and in the future. The new system must begin to work right away and must not be based on empty promises that things will change for the better in the future. Attempting to persuade the people that they will need to wait five or ten years to enjoy the benefits of a restructuring is not only a political illusion, but the biggest economic lie, completely without scientific foundation. I can write without any hesitation and in the name of a new economic science of general stable balance, that an "economic miracle" may be achieved in Romania within one year, despite all the vicissitudes and complications currently existing. This is obviously not easy, but neither is it impossible. We must rid ourselves of certain questionable concepts that dominate our time, and replace them with new, better ideas that are supported by both pure logic and practical reasoning.

3. Romania must not blindly introduce the system of a mixed capitalist economy, made up of free but imperfect markets, which automatically engender social inequality and financial instability, something that cannot be described as real progress even if productivity increases in an unregulated manner. Instead of aping capitalist institutions, Romania can build—as will be shown here—a new type of free market, which can not only foster increased productivity, but can also be fair and stable.

4. And finally, the national economy, especially the industry, must not be abruptly affected by radical changes, unless the integral continuity of the previous activities can be proven. Otherwise social problems will be created—forced unemployment—and flowing revenues will be cut off from the civil population, which bears no fault for the failure of the communist system of overcentralized planning. Even if a state enterprise inherited from the old regime works at a loss, it should be continued at the present and for a transition period of three years to see whether it can be revitalized or not.

2. What To Do

1. The incomes of workers in plants or workshops, offices, or other jobs, in villages and cities, must be preserved unchanged for the three-year transition period. The personnel of non-viable enterprises will be informed well in time that they may be laid off, so that they can look for another job. Moreover, the government will organize labor agencies and unemployment aid.

2. To ensure that the new government does not begin with a deficit for the expenditures required for the

transition to a free social economy, a special contribution is recommended—for example, five percent of the pay of the employed population, which should be allocated to a Fund for National Economic Recovery, FREN for short.

Out of the FREN, aid can be financed first of all for those unemployed who can demonstrate that they are capable of managing a small enterprise or workshop. Similarly, the same fund can serve to help those who suffered persecutions under the Communist regime (were imprisoned or fired). The same fund can also finance projects to clean the waters and the air of chemical pollution.

3. As we said before, during the transition period it will be decided first, which part of the economy will remain in the public domain and which may be freed to the private sector. Along this line, the following are better off left in the public sector: the mines, electrical power stations, heavy industry in general, public means of transportation (railways, civil and military aviation, military and commercial navies, etc.), forests and waters, and the land left over after the agrarian reform further outlined in this plan.

Suitable for the private sector are: small-scale industry, all kinds of artisans' trades, all the free professions, and all services.

As we said before, for each enterprise individually it will be decided, by calculating real market prices: a) which ones are viable; b) which need restructuring; and c) which are not viable.

4. And finally, throughout the period of transition, a reform will be required in elementary, secondary, and university education, which should be channeled toward the spirit and needs of a free and democratic society. The same spirit should also govern a reform of the vocational system at all levels, including the various technical schools. Normal schools for training teachers must be reestablished. Similarly, religious education, neglected or suppressed under the dictatorial system, must be restored to the honorable place it merits. Commercial, financial, and accounting schools must also be reopened and provided with everything required to meet the needs and issues associated with a free social economy.

[19 Apr pp 3, 4]

[Text]

II. A Plan for Economic, Monetary, and Financial Stability

In parallel with the transition period, a series of basic reforms are immediately required, so that the Romanian people may have a chance for a better life in freedom, beginning immediately and without waiting for promises for the future, which no one believes any longer.

In the old capitalist system of imperfect democracy, the Romanians were free to live as they pleased. Unfortunately, that freedom was somewhat nebulous, had two faces, or "cut both ways," as it is said. Indeed, the free citizens were exposed—without the possibility of defending themselves—to certain phenomena of social inequity (especially the peasant class) and economic and financial instability (unemployment, inflation, deflation), all created by the national and international economic conjuncture.

Under the regime of Communist dictatorship, not only were civic liberties not recognized, but the individual was viewed as a cypher, a slave at the disposal of the state. Indeed, the value added observed by Marx and viewed as a means of exploitation of the masses, had under Ceausescu's Communist regime arrived at the extreme limit of general poverty. The state had become the greatest exploiter.

A new regime of generally stable equilibrium in the free and independent Romania of tomorrow must eliminate all the evils bequeathed by the former Communist regime and all the deficiencies associated with the old capitalist regime, so that we should not go back to a flawed system. The present plan was conceived to heal all the major defects of the past and with the idea that it can be implemented by any democratic government determined to serve the needs and well-being of the people.

A. Several Fundamental Dilemmas for Any Democratic Government in Romania

Any democratic government in Romania will find itself faced by a first fundamental dilemma: 1) Whether to quickly accept the introduction of a mixed capitalist regime made up of imperfect free markets, with the promise of financial aid in the form of loans from the West, or 2) do without such aid for the moment and concentrate instead on mobilizing the national resources in a new economic order, based on conditions of stable equilibrium, i.e., a social economy with the most perfect possible free markets within the limit of human possibilities.

The first option appears easier, but it is filled with risks that in the longer term may lead to failure, as can be seen from the Yugoslav, Hungarian, and Polish experiments. The second option is more difficult, and the national economic reform that it offers may be slower, but more certain and free of obligation to foreigners. This is a new "By Ourselves!" not as a matter of national economic doctrine, but simply as the outcome of a scientific reasoning required to select the safest path to our objective, which moreover does not create new problems. The present plan is geared mainly to this latter option.

The Monetary Dilemma

The most important element or institution of a national economy, which also touches on civic liberties and the ideal of social justice, equity, and long-term stability, is the currency. Indeed, money is for the economy and the

social body what blood is for the human body. If the blood is not of a certain purity and does not circulate normally, thus ensuring the balance of the body, the man becomes sick and may even die, if a remedy capable of restoring the balance is not administered in time. The same applies to the body of a national economy: if the currency is not of a certain purity and does not circulate normally, then the economy is sick.

The Romanian Government may choose between two types of money: (1) a natural, real or equilibrium currency, known in economic literature as "numeraire" [cash] (in the sense meant by Walras), based on gold, silver, or any other economic asset that meets certain currency conditions; or 2) an artificial, nominal or disequilibrium currency, which could be called "anti-numeraire," based on the public's confidence and on political strength. The first form of currency cannot be manipulated by the government because the issue is in the hands of the people, who alone can decide, through daily economic operations, how much money is needed in circulation. The second form of currency, the "anti-numeraire," which appears as paper money or credit, can and in fact is manipulated by the government directly or through the Central Bank, in cooperation with other private or state, national or foreign banks.

The experience of both capitalist and socialist countries shows that the paper or credit money cannot be manipulated so as to achieve stability and social justice in domestic and foreign exchanges; it cannot prevent involuntary unemployment or maintain a balanced budget, nor can it preserve order in the balance of international payments. In other words, the paper and credit money contains an inherent, structural instability, that cannot be corrected satisfactorily by any kind of economic or financial policy, because had that been possible, it would certainly have been done before now.

Indeed, there is no mathematical equation nor any appropriate institutional means for calculating and maintaining in practice at any given moment a balanced monetary circulation made up of paper and credit money. This equilibrium circulation must be complemented by stable market prices, full employment (no unemployment), a balanced public budget, and an orderly balance of international payments. Had any such equation existed, it would long since been applied, at least in our century. The truth is that such a complicated equation cannot be built and constitutes part of the principle of impossibilities in political economy, as I showed in previously published works.

On the other hand, it is true that the issue of money and credit money arbitrarily places economic and financial power in the hands of those responsible for the issue, and is therefore desirable to bankers or politicians inclined to amassing power. The bad habit of manipulating paper money has spread throughout the world in this century, especially because of the advice of the great English economist John M. Keynes, who believed that this was the way to deal with unemployment and with the issue of

economic growth capable of leading to general prosperity. In reality, the economic and monetary policy recommended by Keynes and applied between 1934-90, particularly in the West, was far from permitting a satisfactory solution to the existing problems.

The Banking System Dilemma

The Romanian Government must also choose between two different types of banks: 1) a classical or equilibrium-type banking system, which does not create credit currency, but serves only as an intermediary institution between the citizens' savings and entrepreneurs who need capital, between those who have disposable funds immediately available and those who need such funds; or 2) a modern-type banking system, mixed or disequilibrium, which on the one hand collect savings from individuals or enterprises, and on the other, grant loans in the form of credit that may be five, six, or even 10 times greater than the reserves accumulated from visible savings and cash deposits.

This is the practice of credit money which inevitably leads to the "inflation effect," i.e., to an automatic drop in the real incomes of the broad masses of consumers. In economic literature this phenomenon is known as "forced savings" which in reality are not regular savings, but expropriated sums of real income, which cover the nominal capital lent by banks in the form of credits. The consumers deprived of a certain fraction of their real income have no legal recourse for recovering the loss suffered through this procedure, against their will.

The second, mixed banking system constitutes the skeleton of the capitalist system whose strength resides in transforming credit money into cash and pure stock exchange speculation. While it is true that modern banks can more rapidly move a national economy, no less true is the fact that the banks themselves automatically produce inflation-deflation, unemployment, and economic and financial instability.

The central issuing banks can also be organized according to the same pattern: (1) Central equilibrium banks that issue only natural (real) coin and work with a classical-type banking system and (2) central disequilibrium banks, mixed, associated with a mixed modern-type or capitalist banking system.

At the other extreme are the state central banks, which issue only artificial paper or credit money and work only with a network of public banks, as was the case under the Communist regime.

The Stock Exchange Dilemma

Like the banks, stock exchanges are important institutions in a national economy. The Romanian Government can choose between two kinds of stock exchanges: 1) A system of real, classical or market-type stock exchanges, handling only real transactions (sales and purchases) in commodities, capital (in the form of shares), and foreign currency; or 2) a system of mixed of

nonmarket stock exchanges, which aside from real transactions also handle pure, big-style speculative operations, which in fact give them their nonmarket nature.

In the first case, the stock exchanges serve as seller-buyer, i.e., the seller delivers and the buyer takes over the respective object and pays for it the full price, immediately or later (credit sale). These classical-type stock exchanges serve an important role in a national economy and produce gains for those who use them, without causing losses to anyone.

Entirely different is the situation of mixed, capitalist stock exchanges, which aside from real transactions (whose volume is relatively low), also handle nominal transactions or pure speculations in enormous volumes. In the case of pure speculation, the seller does not have possession of the object of the sale and the buyer is not interested in taking possession of it. The seller, for example, believes that the price of the object in question will drop in the future (the next day or later), so he is willing to sell (what he does not have) at a fixed price today, but for later delivery, when he hopes that the price will be lower and hence, he will be able to purchase more cheaply for delivery to the buyer at a higher fixed price. In this way he hopes to make a differential profit. This is a "drop" speculator.

The buyer in a pure speculation contract, on the other hand, has no intention of taking possession of the respective object. He believes that the price of the object will rise in the future (tomorrow or later), and hence he is willing to buy today at a fixed price but for delivery in the future. In the meantime, he hopes that the price will rise and hence, he will be able to sell the object bought from another speculator at a fixed price at a higher price, thus pocketing the differential profit. He is the "rise" speculator.

In the end, the contract is liquidated on term and only the gain or loss count, because the rest of the transaction does not physically exist. No goods, shares, or foreign currencies move in such cases. The speculator who made the better price guess takes the profit, while the other speculator suffers the loss.

What is the Gordian knot when it comes to pure speculations? There is no doubt that pure speculations are a "gamble," but completely different from other games of luck. For example, at horse or other races, people gamble big, some win, some lose, but the market price of the horses does not change. The stock exchange situation is completely different. There, the price of stock, commodities, or foreign currencies is determined not only by real transactions, but also by pure speculations. Thus, the price of the respective objects is falsified and becomes artificial. Falsified prices in the economy produce not only instability (disequilibrium), but also social inequalities. The profits made on the stock exchange are drawn out of the national revenues, although no positive contribution was made.

In one word, stock market speculations come into conflict with the principle of stability and social equity. The reader may make up his own mind whether pure stock market speculations should be legally accepted in a civilized country or not.

The Dilemma of State or Private Monopolies

Usually, the popular view of monopolies involves large enterprises where economic or financial power becomes a visible factor. It is believed that only large enterprises can manipulate the volume offered on the market or prices, and thus extract a differential profit in excess of legitimate profits. In reality, regardless of its size, an enterprise can become a monopoly when it has no competition and when it decides to directly or indirectly manipulate the price to secure illegitimate additional profits, which constitute an exploitation of the consumers of the respective product. This is a form of surplus-value.

But the matter does not end there. Up to a certain limit, large enterprises make it possible to increase productivity, and this is the root of the dilemma: How large can an enterprise be before it becomes a monopoly? If the system is in disequilibrium, the problem becomes more complicated and can only have an indeterminate solution. In a regime of stable equilibrium, the problem is resolved by the normal functioning of the system, namely all the enterprises grow up to their natural limit of development (the balanced volume of production at the lowest average cost level) without the possibility of becoming monopolies.

As for the difference between state and private monopolies, it is rather important. Private monopolies have certain limits, such as outside competition and state intervention when popular complaints reach a peak. State monopolies do not have such limits. Consumer exploitation through state monopolies can be much harsher than under private monopolies in the capitalist system, where efforts are made to limit the power of monopolies, except that the results are not entirely satisfactory. In a system of disequilibrium the line of the production volume equilibrium that separates competitive from monopolistic enterprises cannot be determined.

Now we can draw some conclusions concerning the above dilemmas. Natural gold or silver currency, the classical banking system, stock exchanges with real transactions, and competitive enterprises belong to a coherent system of equilibrium (the healthy component of the capitalist system) which also includes other conditions, as we will soon see. This coherent system reflects the image of a free, just, and stable economy and society. This is a consistent system which is outside of the capitalist regime and may be described as "social liberalism."

We will now show what Romania must do to achieve a new monetary, financial, economic, and social order based on freedom, social justice, equity, equality, and

long-term stability. This is the highest ideal that may be achieved in practice from a scientific viewpoint. We will also present other alternatives, less advantageous, but which may be worth considering from other viewpoints.

[20 Apr p 3]

[Text]

B. Reforms for the Transition to a New Economic Order, Based on Conditions of Stable Equilibrium

What is the meaning of a regime of stable equilibrium? In plain language understandable to everyone, it means an ideal regime in which predominate freedom, social justice, equity, equality, and stability, with limited natural oscillations. Whenever the system is disturbed by inside or outside forces, waving oscillations automatically occur in the opposite direction, affecting prices and volumes, until a new equilibrium is achieved.

From the above one can easily deduce the conditions of a stable equilibrium:

- 1) Economic freedom or free markets;
- 2) A monetary system made up of natural or "numeraire" currency;
- 3) A banking system that does not make coin out of credit;
- 4) The problem of monopolies resolved through a law of social and economic justice, as will be shown further;
- 5) A balanced state budget;
- 6) Equal demand and supply or tending toward that position;
- 7) Equilibrium between prices and marginal production cost;
- 8) The value of new investment equal to capital formed by voluntary savings;
- 9) A stock exchange system made up of only real transactions;
- 10) The value of a market share equal to the real value of the respective company;
- 11) The international rate of exchange equal to the official parity;
- 12) Simple and limited fluctuations in various markets (shares, commodities, or foreign currency).

The main problem is to build in practice a system that can meet all these conditions, in view of the situation prevailing in Romania at the beginning of 1990.

1. Eliminating Hidden Inflation Inherited From Communism

Like other socialist countries, Romania inherited from communism a hidden inflation produced by government-controlled prices, some of which were kept low and others high, in relative terms. Whether high or low, these arbitrarily manipulated official prices are artificial. The prior proof of a hidden inflation lies in the existence of "black markets" where prices are five to ten times higher than the official prices.

One thing is certain, namely that no satisfactory economic recovery, not to mention stabilization, is possible as long as this hidden inflation has not been uprooted. This uprooting operation may be achieved by introducing a new, strong currency, that can cancel the gap between official prices and money circulation.

4. The Dilemma of State or Private Monopolies [numbering and lack of further text, as published]

2. A Foreign, Convertible Leu, in Gold or Silver

The Romanian Government must decide what kind of monetary standard to introduce: one based on gold, or one based on silver. In principle there is no difference between them; the same monetary stability can be achieved if certain rules are followed. Everything depends on the gold and silver reserves of Romania's National Bank. Let us hypothetically assume that gold was chosen.

The first thing is to establish the official rate of exchange or the official parity of the new leu.

If a gold leu is chosen = 0.0625 mg gold 900/1,000, then 1 kg. of gold=16,000 lei.

Let us assume that the National Bank owns 28,750 kg. gold, which at the official parity (0.0625) means 460 million new gold lei.

The official parity is optional, depending on the gold reserves. The more complicated problem is that this parity must accord with the domestic money circulation on "D-day," when the reform is enacted. The rate of exchange must not appear either too high (in which case a depression may occur), nor too low, because then the inflation dam is burst. In other words, the rate of exchange on "D-day" must be coordinated with the monetary circulation on that date.

Consequently, we need to know what the monetary circulation is on "D-day." Let us assume that on that date, the monetary circulation (bank notes from the Romanian National Bank and people's bank savings) total 4,600,000,000. In that case, to clean out hidden inflation, the new gold leu must be exchanged for 10 paper and credit lei. If the circulation was higher, for example 9,200,000,000, then one gold leu must be exchanged for 20 paper and credit lei. And so forth.

Before the reform, prices should be left free on the market, and the Romanian National Bank should stop issuing the old leu. Thus, when the reform comes, the population, upon receiving a new currency, will know whether to reduce market prices one time or 20 times. In point of fact, when the reform is enacted, not only prices, but all other incomes, in one word, the active (assets) and passive (liabilities) in both the private and public sectors will be reduced by the same proportion.

The gold leu will be utilized in international exchanges to maintain the balance of payments in equilibrium and to ensure a "strong position" for Romanian products sold abroad.

After "D-day," the National Bank will receive gold, for which coin will be issued at the official parity. The first batch will be made up of banknotes issued by the National Bank to cover the paper money issued by the communist regime. The paper used to print new banknotes must be imported from a Western country to thwart falsification attempts as much as possible.

As long as the foreign leu is 100 percent covered by gold, its value in international markets will remain stable, at the official parity, with simple and limited fluctuations. The equilibrium of the balance of payments will be ensured by the following mechanisms:

(1) compensatory fluctuations in the rate of exchange; (2) the entry (import) and exit (export) points of gold; (3) compensatory fluctuations in the rate of interest; and (4) the parity of the purchasing power of the leu in domestic and foreign markets.

Metal coins—nickel, brass, or an aluminum alloy—rather than banknotes should be used for small, daily exchanges.

3. A Domestic Leu Convertible in Various National Products

To increase the elasticity of the monetary gold system and, at the same time, to satisfy the usual criticism that gold or silver are allegedly not available in sufficient quantities to normally finance a modern economy, we here assume the additional issue of a domestic leu 100 percent covered by various national products, which are also sold in international markets.

More specifically, it is recommended that each county select a representative product (wheat, rye, corn, beans, timber, wine, etc.), which can be standardized and be accepted by the county branch of the National Bank for money issue. The Romanian National Bank will ensure that each county organize—using the existing facilities, too—some sort of "General Popular Stores," including silos, where those products used for money issue may be stored in good conditions, protected from any danger of deterioration. Those who deposit such products receive a "Certificate of Deposit" that can be immediately converted into money (banknotes) by the National Bank Branch, after the deduction of a money issue tax, which

represents storage costs for a certain period of time. Standard industrial products may also be included.

The banknotes issued in this case are 100 percent covered and are convertible in the respective product on sight. The implementation of this proposal can be of great help especially to the agriculture, which needs aid, and can serve to strengthen the national economy. The Romanian villages can thus finally come to enjoy a period of prosperity that will also attract population from the urban to rural environments. The construction of "General Popular Stores" and their maintenance will provide jobs for many people, thus also helping to combat unemployment. The banknotes issued may be called "Private Exchange Coin," (PEC).

What is the mechanism in operation in the issue of PEC? First of all, since there is a money issue tax, customers will not be willing to deposit such products unless there is an abundance of them, prices are dropping, and buyers are beginning to be more scarce. Only in such conditions is it profitable to present a standardized product for money issue, while the increased money circulation makes impossible the appearance of a crisis accompanied by unemployment. The production continues as if nothing had occurred in the economy.

In the opposite conditions, when prices show a tendency to rise (as in the case of drought, for example), then it is profitable to exchange the banknotes (PEC) previously issued or the certificates of deposit that were not cashed in for the respective product, which can now be sold at a profit on the free market. Thus, the money circulation automatically drops precisely when necessary, and inflation is prevented.

In short, the issue and withdrawal of private exchange currency is directly decided by the people, i.e., by the immediate needs of the national economy, rather than by the government. When a considerable number of people or enterprises feel that the money circulation is not sufficient, then the designated products can be exchanged for money, thus eliminating the danger of a crisis accompanied by unemployment before it becomes reality. If the same people, in different conditions, feel that the money circulation is excessive, then private exchange banknotes can be exchanged for the respective products, the money circulation automatically drops, and the danger of inflation is averted from the very start.

To recap, one internal leu convertible in various national products serves several social functions:

- 1) It is an important source of capital accumulation at local level and for the people in general. It thus encourages economic growth and prosperity throughout the country.
- 2) It ensures conditions for full employment without involuntary unemployment.

- 3) It ensures economic and financial stability throughout the country, thus averting the development of inflations-deflations, financial crises, or conjectural fluctuations originating outside the country.

- 4) It limits the political power of the government party in favor of the citizenry, thus consolidating the democratic spirit and institutions.

Evidently, the issue of "private exchange coin" or the convertible internal leu requires initial investments (the construction of General Popular Stores), investments that can be gradually amortized. But the advantages presented for the national economy are far more important than the initial investment and administrative costs. To avoid confusion, we must mention that the exchange from and into money of the products in question will be done at free market prices. This will end the inflation in credit money issued by private banks under capitalism.

4. A Banking System of Equilibrium

The new monetary law must categorically stipulate that private or public, national, or foreign banks are barred from turning out money from credit in any form, because that in effect means falsifying the official currency by using surrogates.

Banking operations (aside from turning credit into money) are and will remain completely free, and will be incorporated in two major sections:

- 1) Department A, which will receive deposits on sight, accounts that will be kept 100 percent covered all the time, until converted into cash by the person who made the deposit. The person in question will pay a fee for the safety service provided by the bank.

- 2) Department B, which will receive time savings (three, six, nine, etc. months) and will place them in the form of loans and investments. This does not require special reserves, as long as the loans have the same terms as the savings from which they were financed. The bank's earnings will result from the lower interest paid for savings and the higher interest received for loans.

In this case, the banks operate on the classical model and do not create credit money, only serve as intermediaries for important banking operations for the national economy. The rate of time interest will fluctuate so that the demand for loans and investments should tend to match the supply of savings (the formation of capital). This is one of the fundamental conditions for economic and financial equilibrium. This also shows how important and useful is the role of the banks in an equilibrium system.

5. A System of Equilibrium Stock Exchanges

We explained earlier what are the social drawbacks of a system of mixed capitalist stock exchanges, namely pure speculations or institutionalized gambling that an 18th century author correctly described as the "confusion of the confused" (Joseph de la Vega). Betting on horses or

other gambling cause losses only to those who played and were unlucky. The situation concerning stock market gambling is, however, entirely different. There, pure speculations become social vices because the activities of a small number of speculators have repercussions on millions of innocent citizens, on whole countries, and often on the entire world, as was the case in the crash of 1929 in the United States.

In these conditions, a new stock market law in Romania must clearly specify, in the very first paragraph:

1) Pure speculations, gambling, or any kind of manipulation of stock exchange prices are illegal, and are thus strictly banned; violators of this law will incur severe punishments.

2) Real stock transactions involving shares, commodities, and foreign currency are free, but conditioned by the rule that delivery (immediate or later) take place in full and that the full price is paid. The accompanying conditions are designed to preempt camouflaged pure speculations.

6. A Law of Social and Economic Justice

This refers to the implementation of the unwritten law of HUMAN DECENCY in economic life. In principle, this is a technical matter of the link between the public sector, made up of government-controlled monopolies, and the private sector, which is dominated by imperfect competition. The new regimes in Poland, Hungary, Czechoslovakia, East Germany, and in part Soviet Russia must struggle with the same problem of the contradiction between the two sectors. The public sector offers low prices, but also a shortage of goods or services; the private sector, on the other hand, offers the necessary products and services, but at inflationary prices.

[22 Apr p 4]

[Text] In Chapter II we presented the conditions required to introduce the most perfect form of economy, currency, and finances practicable in free Romania. Under this new socioeconomic order, the Romanian government will begin by effecting the structural reforms necessary for a system of general stable equilibrium, and will then withdraw to its own area of activity, which consists of ensuring public services (police, judicial, education, national defense, etc.) which only it can provide in the most favorable conditions.

The line between the private and public sectors is clearly drawn. A person who paid his taxes and did not violate any law in the private sector is outside the reach of the government. Nevertheless, the Romanian Government, in this case the new order government, still has an additional function to fulfill. The government continues to permanently monitor the course of the national economy to ensure that the results obtained are in accord with those indicated by a system of general stable equilibrium. Whenever failings or deficiencies are discovered, it is the duty of the government to correct them.

Romania will be saved not by promises from outside or by aping the experiences of other countries, which did not turn out to be a success. Imitating a regime of imperfect capitalist markets in a formerly socialist environment cannot satisfactorily solve the great problems of the nation. The present plan attempts a new option, called a system of stable equilibrium, involving free markets perfected to the utmost limits. Under this new regime, essential elements such as the government, currency, banks, stock exchanges, enterprises, the state, and no less importantly, science are not and can no longer be an apparatus of domination, but a means of serving the vital interests of the nation, which may be in Romania or in any other country, serving humanity, or in one word, serving MAN.

In the final analysis, this must be the final objective of any institution created by man, "L'homme, cet inconnu" [Man, this enigma], as Carrel said.

Annex

What other alternative systems may be considered?

If the present conditions do not allow the introduction of a gold monetary standard, and if there are other reasons against it, then there are other alternatives that may be considered, as we will further show.

1. A Silver Monetary Standard

In the case that the Romanian National Bank does not have the quantities of gold required by this plan, it can use silver, which is less expensive. As we said before, in principle, there is no difference between the two systems. In both cases long-term monetary and financial stability can be achieved if all the other conditions for stable equilibrium are fulfilled.

The price level, in figures, can be higher in the case of a silver monetary standard, but prices will be stable and of the same nature as in the case of a gold monetary standard.

Silver coins can be immediately put into circulation, something that will inspire the people with the confidence that something new is occurring in the economy. The people will be more active, and the final outcome will be increased productivity.

The rate of exchange—assuming that the rest of the plan remains unchanged—may be as stable as in the case of a gold monetary standard.

In that case, the available quantity of gold of the National Bank can be converted into silver.

2. A Mixed Monetary Standard

Another alternative is to maintain the exchange rate at the official parity expressed in gold but, when it comes to covering it, to reduce it from 100 to 60, 40, or 30 percent. The reasoning in this case is that not all the holders of claims in lei in foreign markets will demand that they be

converted into gold on the same day. On the basis of past experience it has been concluded that in order to ensure economic peace, it is enough to provide gold coverage for 30-40 percent. This was the basis for the modern gold currency, which completely failed during the 1930 Depression, not only because it was gold, but because the system was mixed and 60-70 percent contaminated by artificial paper and credit currency or anti-numeraire. The equilibrium forces in the mixed system of modern gold currency were dominated by the forces of disequilibrium.

In today's Romania the situation can be changed by adopting a mixed monetary standard, for example 60 percent gold coverage, on the condition that the rest of the plan (the banking system, the stock exchanges, and the issue of private exchange coin, including the law of social and economic justice) remain unchanged. This system is entirely different from the modern gold hard currency. In that case, only the Romanian National Bank can create credit currency, to a limit of 40 percent, and only in case of need, i.e., in extreme conditions, such as general drought, great floods, earthquakes, or national defense.

If the National Bank is obligated by law not to utilize the 40 percent privilege except in extreme conditions, then it can protect the foreign leu without too many difficulties, in view of the fact that the internal leu is completely covered.

We can further go to another mixed system, whereby the issue of private exchange coin, covered by various national products, is replaced by the privilege given the private banks (national or foreign) to issue money for credit in certain conditions, for example maintaining a certain reserve in the official currency. Here the problem of the National Bank becomes much more complex, because it will have to protect both the external and the internal leu. The negative experience of the past, under the old capitalist system, showed that the inherent instability of the system cannot be completely corrected by any monetary or economic policy.

The argument that in the case of a mixed monetary standard, a relatively expensive element (gold or silver) is replaced by a less expensive one (credit currency) is not that easily justified. If we consider the negative social effects (economic and financial instability and social inequities), then the social damage may far exceed the difference of cost for the production of gold or silver. The other argument, that a mixed system may be indicated in extraordinary cases, is no easier to justify. A wise and far-sighted government will always keep some funds in reserve to be utilized until other resources can be mobilized. This can even be requested under the budget law.

3. An Automatically Manipulated Paper and Credit Monetary System

American Professor Milton Friedman proposed an automatically manipulated paper and credit monetary

system. This involves increasing the monetary circulation every year by three to five percent, in keeping with the average rate of economic growth. In a capitalist system in which both the Central Bank and the private banks create credit money, such a procedure has no chance of success. First of all, it is impossible to measure on command and for the short term the average rate of economic growth. When the system is in disequilibrium, then the rate of growth is in disequilibrium, too. Consequently, the change in monetary circulation based on the rate of growth will be in the same situation, namely in disequilibrium. Thus, the problem of instability remains unresolved. Moreover, the automatic increase in monetary circulation every year can lead to an unending accumulation of inflation.

In short, the problem of the inherent instability of a paper and credit monetary system cannot be solved in this way.

4. A Financial System Resting on a Strong Foreign Currency

Another possibility is to introduce a paper and credit monetary system resting upon a strong foreign currency, for example the U.S. dollar or the German mark.

In that case, the Romanian Government must arrange a stabilization loan in dollars or German marks to guarantee the convertibility of the leu in international markets. On the other hand, the National Bank will carry out an economic and monetary policy designed to protect the external leu. For example, when the external leu shows signs of depreciation, the National Bank will be called upon to raise the official rate of discount (interest), regardless of the domestic economic situation. No one knows how high the rate of discount may rise (this cannot be exactly calculated!), so that in the end it either rises too much, inflicting losses on the national economy, or too little, in which case the external leu continues to fall, causing losses of borrowed foreign currency.

No country that experimented with this method was successful. Romania went through the same experience with the stabilization loan of 1929. The result was a fiasco. The lesson to learn from that is that, when a country is in financial and economic disequilibrium, it is better to settle the disequilibrium through internal resources, rather than to borrow from abroad.

5. A Monetary-Financial System Based on an Index

And finally, the issue of paper and credit money can be linked to the movement of a price index of the domestic cost of living or of the world price of a basket of commodities of international circulation.

We will not now deal with the problem of calculating the index, which is of a limited value concerning the nature of a national economy.

If the prices used in calculating the index were expressed in terms of a paper, credit, or anti-numeraire currency,

and are thus disequilibrium prices, then we are faced with a vicious circle. This observation remains valid even if we are dealing with the American dollar or the German mark.

In conclusion, this method is also not indicated for determining a monetary circulation of stable equilibrium. All that is left is to go back to what was said in the first part, namely that whatever monetary-financial system was adopted, the following consequences are inescapable:

1) The natural currency covered by gold, silver, or another appropriate economic asset, in an environment in which all the conditions of stable equilibrium are met, presents an inherent self-regulation mechanism which

guarantees stable prices, eliminates involuntary unemployment, ensures a balanced budget, an orderly balance of international payments, and an equitable distribution of the national revenues;

2) Artificial money and credit currency is inherently unstable, and consequently needs to be manipulated by the government or through the Central Issuing Bank. The problem still left unsolved is whether this type of money can be manipulated so as to achieve a monetary circulation of stable equilibrium, with the effects listed, as if it were natural money. The author of this plan does not believe that this problem can be satisfactorily solved, namely on the basis of the principle of impossibilities in political economy. Others, however, can keep trying, because the realm of the unknown has not precise frontiers.

GERMAN DEMOCRATIC REPUBLIC

Suppressed Pollution Data Discussed

90GE0028A Hamburg DER SPIEGEL in German
Vol 44 No 12, 19 Mar 90 pp 134-135

[Unattributed article: "Hastily Depart"]

[Text] Day after day, Joachim Lautenbach, a 48-year-old ministry official, receives "anxious requests for information from citizens" who ask whether the area in which they live is ruining their children's health.

Desperate parents tell the head of the environmental hygiene department of the GDR health ministry of their unsuccessful attempts to relocate "to clean air areas such as the Baltic coast." Many of them are seriously thinking of moving to the FRG for the sake of their own health and that of their children. "For the past few months, ever since things started to turn around, we have been advising them to make the move," says Lautenbach. The desire to leave will increase even further once the ministry official goes public next week with the findings of numerous official studies which were carefully kept secret for a long time.

It has solely been known for some time that the state of many GDR citizens' health is not as good as that of West Germans. Recent mortality figures differ accordingly. According to figures published in the most recent issue of THE LANCET, the respected British medical journal, the annual death rate per 100,000 of the population was 1,106 men in the FRG as compared to 1,342 in the GDR and 645 women in the FRG as compared to 863 in the GDR.

Next month's issue of SOZIALREPORT, published by "Die Wirtschaft," an East Berlin publishing house, reports that only one-third of the GDR population feels healthy. That report which was classified until last year's political upheaval attributes the poor state of health to nutritional deficiencies. The extent to which pollutants are the cause of disease is reflected in the data environmental expert Lautenbach will submit to the so-called Green Roundtable.

The data show that the number of deaths among old and infirm people tends to rise "about 30 percent per week" under smog conditions in cities such as Leipzig and that continuing exposure of sulphur dioxide emissions has resulted in retarded growth as well as malfunctions of the immune system and the "vitality of lung functions" among children in the Bitterfeld region of the eastern Erz Mountains.

Children from this area which is considered the most polluted in Central Europe are smaller and less sturdy than their counterparts in other regions of the GDR. "Their blood count levels, too, are significantly lower," Lautenbach says. "They do not respond as readily" to inoculations, e.g., tetanus shots.

A new study by the GDR Ministry of Health on the aftereffects of chemical production at Espenhain, Boehlen, Deuben, and Rositz also provides evidence of the reckless way in which the SED [Socialist Unity Party of Germany] regime dealt with the health of its citizens. At these locations, vast quantities of dust, sulphur, and cancer-causing carbohydrates were emitted into the atmosphere. Physicians who worked in the region for years submitted the following horrifying clinical records.

In Hohenmoelsen in the Halle district where cancer-causing agents such as benzopyrene pollute the environment, the incidence of skin cancer is two to three times greater than the GDR average. Cases of asthma increased almost twentyfold.

There was "an indication of increased risk of leukemia" among workers in carbonizing plants and a rising number of "serious inflammations of the mucous membranes" was diagnosed.

In the badly polluted district of Borna, 35 percent more people reported sick than the GDR average.

In the area of the Espenhain lignite refinery plant every other child suffers from respiratory diseases and one child out of three suffers from exzema in the vicinity of chemical plants.

But it is not only those living in the immediate neighborhood of notorious polluters who get sick. According to a "clean air report" which was "kept under lock and key" until now according to Lautenbach, 313 kg of sulphur dioxide and 131 kilograms of dust "per inhabitant per year" are emitted in the GDR, an amount three times greater than the one to which the average European is exposed.

Almost 40 percent of the GDR population live in areas where sulphur dioxide emissions greatly exceed permissible limits. In nine of the 14 districts of the GDR and in East Berlin the inhabitants are exposed to excessively high sulphur dioxide levels. The cities most seriously affected are Leipzig, Halle, and Karl-Marx-Stadt. Even in the nearby rest and recreation areas there are excessive sulphur dioxide levels instead of fresh air.

Dust levels far in excess of legal limits make life difficult for almost one in three GDR citizens. Eight of the districts even report a "pollution level of five," the highest possible level. Smog is not only a problem in Leipzig and Cottbus but also in smaller towns such as Weimar and Zeitz which are not connected to the remote heating plant network.

The SED regime also kept secret a five-year study into heavy metal pollution in industrial plants conducted by East Berlin's Charite hospital. The medical experts discovered excessively high emissions of cancer-causing heavy metals.

At the Zwickau VEB [state enterprise] Grubenlampe plant, cadmium emissions 120 times in excess of acceptable limits were recorded. At the VEB Bleifarben plant in

Ohrdruf in Erfurt district, hair on workers' heads was analyzed for traces of heavy metals and found to contain up to 100 times the acceptable lead and chromium levels.

Particularly high emission levels were recorded in steel plants at Riesa, Brandenburg, and Henningsdorf as well as at the Hettstedt smelting works and rolling mill in the Halle district and in the vicinity of the Ilsenburg copper plant in Magdeburg district which has polluted the soil with dioxine. The study concludes that the workers "may be expected to have picked up an accumulation of toxically active heavy metals."

The Ministry of Health also commissioned a study of the Pirna area in Dresden district. An analysis of the records of pediatricians, internists, general practitioners and neurologists found that the industrial emissions in the Pirna area resulted in diseases of the neurological system, to diminished resistance and physical fitness and to "early death."

The medical reports are alarming; those primarily affected are children.

In their examinations of newborn children, child psychiatrists found "a conspicuously high incidence of neurological deficiencies," i.e., the tiny patients are retarded both with respect to mental and motor development.

Pediatricians have noted neuroses and psychomotor disturbances "at an increasingly early age" and the inability to concentrate among school children.

The city has assigned a name to the condition, calling it "Pirna syndrome," which covers a whole range of problems from aching joints to dizziness, fatigue and headaches. The doctors attribute the Pirna syndrome primarily to the high carbon disulphide and hydrogen sulphide concentrations in the air emitted by the local viscose plant.

Studies like the one Lautenbach will submit to the Green Roundtable are rarities. "After all," he says, "environmental protection experts like us were looked upon as enemies of our so-called efficient economy."

Peter Diederich of the Peasant Party, the environment minister, apparently was also reluctant to make the health ministry findings public. His "plan for the development of environmental policy in the GDR" hardly mentions the environment-caused diseases although the 12 working groups which prepared the plan also included representatives of the Ministry of Health.

Manfred Fiedler, a state secretary in the Ministry for the Environment, told Lautenbach why his ministry was so reluctant. According to Lautenbach, Fiedler said that if the health risks were spelled out in detail the inhabitants "of certain industrial regions would drop everything and leave."

Potential Social Adjustment Problems Viewed

90GE0058A East Berlin BERLINER ZEITUNG
in German 31 Mar 90 p 9

[Interview with Prof. Dr. Reiner Werner of the department of Forensic Psychology at Humboldt University, by Barbara Baum; place and date not given: "Fringe Groups Are Something Like Society's Geiger Counters"]

[Text] [BERLINER ZEITUNG]: Prof. Werner, your area of specialty is forensic psychology and sociology. Scientifically and practically, what can be done in this area?

[Werner] We deal with questions of human social life, and in particular, with those groups in society who come into conflict with each other or with the community. Where legal arrangements are required in regard to them, we are also in demand as experts. That can be in regard to family law or labor law, but the main point of emphasis is, of course, criminality. We give expert testimony, for example, as to whether someone can be held accountable, and we investigate the motives for an act—a broad field. In the area of social therapy, we are interested in the circumstances in which people live and how we can help them to better cope with life. There are, for example, such issues as suitability for a profession which will be neither too demanding nor not challenging enough for an individual, and we investigate whether in the workplace a particular person works better in a group or with individual persons. Everything we understand under the concept of social integration, we deal with in social therapy.

[BERLINER ZEITUNG] We are currently experiencing a period of rapid social upheavals in our country for which people were not prepared. How do they affect the circumstances in which people live?

[Werner] It is very varied in my experience. There is—and we see it every day—naturally much joy over the fact that we are no longer being led around by the nose in a system of regimentation. For very, very many people the time of humiliations has finally come to an end. Frustrations are easing because of the elimination of restraints. People can make decisions about themselves and their lives in a new way. That, of course, gives the circumstances of their lives a new quality.

[BERLINER ZEITUNG] It can nonetheless be seen that not everyone is happily looking to the future. Many have fears about what the next period will bring. Where are their roots?

[Werner] In times of upheaval—I do not like the word turning point because there are not two legs to the course—there is always the tendency towards instability. Basically, we are currently experiencing the collapse of all values. Labeled as negative, they are being subjected en masse to renewed scrutiny. It is a fact that in the area of social policy, in the area of social security, we had too much of it rather than too little when measured in terms

of the productive capacity of the economy. We were living in a fool's paradise that economically was not propped up by anything. Just take our labor law: It belongs, in my opinion, to a later phase of social development. If a boss wanted to get rid of someone because he was not suited for the job he was doing, he had to run himself ragged and suffer discrimination. Much of that which seemed worthwhile to us in the area of social policy is now being turned into the opposite. I think that this one of the greatest deformations which our society produced. Educational work is necessary to explain that our highly-regarded social security had feet of clay because it did not take the performance principle into account.

[BERLINER ZEITUNG] But there are also many people who would like to be productive in something but for the most varied reasons cannot—I am thinking of handicapped citizens and older workers who are no longer up to intense pressure to perform. What will happen to them? Will they not necessarily wind up on the fringe of society if performance alone counts?

[Werner] Initially there will be very many people who will achieve social recognition for the first time when performance is in demand, but then we should also not make the mistake of underestimating handicapped persons or rehabilitants many of whom are very productive—in the appropriate environment, of course. But we must also clearly state that those who have thus far been living as parasites, who have been getting a free ride at the expense of the community, will live more poorly than they have done in the past. It is important that those who do what they can for the community are provided with a basis of social security. However economically difficult it now is, the demagogical, fictitious values of the past must be subjected to examination so that society can achieve a new determination of its values.

Naturally, I am also moved by ambiguous feelings in this regard. People who for the most diverse reasons are not capable of being fully productive, are often very fragile. The fears of single mothers, the worries of pensioners, and the anxious questioning of homosexuals as to whether the old discrimination and professional obstacles we were in the process of dismantling will arise again, are readily understandable. It is our task to fix all this in the social consciousness. We scientists have a special obligation to look after these conflict groups.

[BERLINER ZEITUNG] You have certainly become especially active in this regard in recent weeks.

[Werner] The Magnus Hirschfeld Society, of which I am the chairman, was founded in January within the Cultural Association for the study of sexuality and humanistic values for living. It is dedicated to people in their diverse partnership relations, and to their legal protection. It will be concerned with sociological, sexological, medical, and epidemiological issues. At the same time, we want to provide help with life's problems in a sociable

setting. We are expecting, for example, many self-discovery groups to join us, and mothers and fathers who are raising their children alone, and singles who should be able to find an opportunity to mix at our Cultural Association clubs. We would also like to bring older citizens together. And to those who of their own volition are living in male-male or female-female relationships, we want to offer help and conviviality.

If we oppose isolating and discriminating against fringe groups, then we must also give them help with life's problems and make them capable of crisis intervention. We will therefore create unpaid consultant groups as well as establish contacts with marriage and sex counseling offices. The 30,000 letters—and there is no end in sight to them—that I received regarding my book "Homosexuality," are a cry for help. And the Magnus Hirschfeld Society must and will give it.

[BERLINER ZEITUNG] You spoke about isolating and discriminating against fringe groups. Why were so many virtually not talked about at all in the GDR—indeed many even totally ignored for a long time?

[Werner] The so-called fringe groups are the Geiger counters of society because the conflicts are most critical in them. I did a series of programs in the television series DT 64, for example, called "Person-Person," and we dealt with all the problems in society. When we broached the subject of whether there is hostility towards foreigners in the GDR and dealt with the causes and roots in this series, the broadcasting system had a fit and the production office was shut down. That is the way they thought they could solve contradictions. The guideline there was not to inform but to cover up.

Things were no different for a long time in the case of groups of youths who turned to right wing ideology, who to some extent followed nationalist slogans. Instead of dealing with them and of getting to the bottom of their problems, they were either totally ignored or driven into a corner and made into criminals.

[BERLINER ZEITUNG] Where does the concept of fringe groups come from, anyway?

[Werner] It originates in religious value-judgement patterns of the Middle Ages and is rooted in the old model of Mary, Joseph, and Child. And in the Jesus-centered religions, all others had no place.

In subsequent times the old pattern of thinking evolved into a new conformity which foreswore church doctrines, to be sure, but which basically came up with a mold for the human being. In our society, for example, it was the socialist personality, surrounded by a socialist halo, formed by its socialist environment—industrious, socially active, familiarly steadfast. Thus arose a construct of demagogic phantasy, a plaster bust. In reality, many people drifted off into fringe groups, into niches.

For where could an artist come to terms with his problems, or a scientist who was writing a book? Least of all in the organizations that officially existed for that purpose.

[BERLINER ZEITUNG] The old mistakes do not appear to have been overcome by a long shot with the democratic upheaval in the GDR. Now, too, there are tendencies to isolate people—former SED [Socialist Unity Party of Germany] members, civics teachers, former employees of the Ministry for State Security, radical right wingers. Is there not a new intolerance being created here, a new conformity?

[Werner] I believe we should not overestimate these tendencies. Naturally, the disappointment, anger, and rage over the things that were suffered and endured will come out at first. Also the shame at having espoused an ideal for four decades that was misused and betrayed by the powerful, is not to be overcome overnight. I think we have to start again from scratch. Every person must have the opportunity of joining the new democracy. If different groups are constantly forced out, then, in the final analysis, those who do this isolating will become a fringe group. It is much more important to bring the good things from the past that have been forgotten or misjudged into new contexts. And, of course, we must add new things that now fulfill the requirements of a market economy. I believe that the Roundtable has shown that. Who would have thought in December 1989 that people who were not at all prepared to engage in politics would try, after six months, to preserve a national identity in defiance of all logic? It is not a matter of giving it up, but of contributing it to the process of German unification.

That would be a very encouraging proof of the capacity for democracy, of the striving to create a viable consensus of all social forces. In this, we will again and again have to consider carefully—in free self-determination—how we treat each other or how we must treat each other so that democracy becomes irreversible.

[BERLINER ZEITUNG] With the introduction of a market economy, great upheavals and structural changes in the GDR will result. People will lose their jobs, will have to seek new career opportunities, will have to retrain. That triggers fears of not being able to cope with the situation. In what way can sociology provide help?

[Werner] The social therapist is especially needed in this case. For some five years now there has been a postgraduate program of study in which graduates of colleges and technical schools receive their certificate as social therapists. We are now establishing a five-year university program—20 years too late—they have had that in other countries for a long time. With us, however, there was no way to do it despite the fact that all the prerequisites were there. Now it has to be done very quickly to fill the gap that has developed. There is, for example, no social welfare office that could bring together activities in the areas of social policy and public assistance. It is precisely in times of social upheavals, however, that many people need help and advice in order to accustom themselves to new situations and to cope with them. The social therapist, who is more than a welfare worker, must become involved here in the sense of providing genuine, sound, multifaceted help with life's problems. To do so, he needs a sound education that is roughly comparable to that of a well-trained physician or scientist. Fortunately, interest in this profession is great.

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