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28 FEBRUARY 1990



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# **JPRS Report**

# **East Europe**

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# East Europe

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## ALBANIA

### Decree on Allocation of Housing

90EB0175C Tirana GAZETA ZYRTARE in Albanian  
Nov 89 pp 82-90

[Ordinance No. 1, dated 7 July 1989, "On the Administration of Requests for Housing and Its Allocation"]

[Text] In order to improve further the administration of requests for housing and of its allocation in the most carefully studied manner possible, by proposal of the Ministry of Communal Economy, the Council of Ministers promulgates this

#### Ordinance

##### Article 1

A husband, a wife, and other adults in a family, who are employed or on a pension have the right to request housing.

##### Article 2

The standard housing area for each person, as a rule, is six square meters, but in no case may it be less than four square meters.

If the housing area standard is met, children under the age of ten may live in a room with their parents. Other family members of different sexes who are not spouses, beginning, as a rule, from the age of ten and older have the right to a separate room.

The organ in charge of dividing up a family for housing purposes also decides, in cases where this is required, on the division of the housing area. On the basis of this decision, separate leases are drawn up for the rental of the dwellings.

If a dwelling that is personal property is vacated by the tenant, it is given to the owner as a residence if he requests it, even if he has not presented a request earlier to live in it, on the condition that he has a residence permit for the place where the dwelling is located and the dwelling area has been vacated, so that a surplus is thereby created.

##### Article 3

The following have the right to supplementary housing area, consisting of separate rooms:

- Workers at the level of deputy minister and above.
- First secretaries of the party committees of the districts and of the zones of Tirana; chairmen of executive committees of the people's councils of the district and of the zones of Tirana.
- Commanders, commissars of divisions and those on the same level who are specified, according to the case, by order of the Ministry of People's Defense or the Ministry of Internal Affairs.

—People's Heroes, Heroes of Socialist Labor, People's Artists and Teachers, professors and doctors of science, and professional writers.

—The gravely ill, who are specified as such by instruction of the Ministry of Health.

##### Article 4

Requests for accommodation are presented to the people's council of the city quarter, or to the people's council of the city if the city is not divided into quarters. In villages, requests for housing of agricultural enterprise workers are presented to the people's council of the united village.

A copy of the housing request is also presented to the work center and to units and divisions of the Ministry of People's Defense and the Ministry of Internal Affairs.

##### Article 5

The people's council of the city quarter, the people's council of the united village, the people's council of the city, where there is no executive committee, the executive committee of the people's council of the city, and the executive committee of the people's council for the Tirana zone study the request for accommodation, group them according to the rank specified in Article 15 of this ordinance, and present them to the respective higher level executive committee of the people's council.

The executive committees of the district people's councils examine the requests for accommodation and study the housing needs of each city, the Tirana zones, quarter, work and production center, agricultural enterprise, and military unit and division.

##### Article 6

At the beginning of the year, the executive committees of people's councils of districts send the plan for allocation of apartments to the executive committees of people's councils of cities, to people's committees of cities that do not have executive committees, to executive committees of people's councils for the Tirana zones to work centers for which housing is planned, and to enterprises of the communal system. The executive committees of people's councils of districts also plan apartments for the settlement of persons assigned or transferred.

##### Article 7

The executive committee of the people's council of the cities, the people's council of cities where there is no executive committee, and the executive committee of the people's council for the Tirana zones allocate the number of apartments to people's councils of city quarters.

The executive committee of the people's council of cities, the people's council of cities where there is no executive committee, and the Executive Committee of the People's Council of Tirana District have the right to

maintain a reserve of up to three percent of the number of apartments planned for allocation during the year (exclusive of apartments that are built with voluntary contributions) in order to fulfill unforeseen needs. The apartment reserve is allocated during the year, while the unused portion is required to be allocated during the month of January of the following year.

#### Article 8

The executive committee of the district people's council has the right to take from among the apartments built with voluntary contributions and with special funds as many apartments as are equal to the average percent of demolitions at the city level, in order to free sites for construction, but not more than thirty percent, while respecting their proportional division according to stories of apartment structures with one, two, and three rooms and a kitchen. In this percentage is also included the number of apartments that are taken up by shops and structures on the ground floor. The apartment must be used only to fulfill the needs of families whose housing has been demolished.

Citizens whose housing has been demolished to free sites for construction may sign agreements with the people's councils of city quarters or with people's councils of cities, if the city is not divided into quarters, for accommodations in housing that is constructed on those sites, on the condition that during the time when the housing is being constructed they resolve by themselves the problem of their temporary accommodations.

#### Article 9

For housing built with voluntary contributions and for that constructed with special funds, a commission for allocation is established in work centers. The commission is composed of from five to seven people, chaired by the official of the work center. If this latter person himself presents a request for accommodations, the commission is chaired by his deputy. Workers who have presented requests for housing may not participate on the commission.

#### Article 10

After the completion of housing construction, the commission on allocation of housing at the work center verifies the list of names of workers who have presented proper requests for housing, their family composition, their health status, the condition of the dwelling where they live, the contributions they have made toward the housing construction, the date of their request, and their right to housing.

#### Article 11

After determining the workers who should receive housing, the commission on housing allocation at the work center compiles a list and posts it for fifteen days; it reviews the comments of the collective, and makes proposals to the appropriate organs of government.

The proposal of the commission at the work center is sent one month before completion of the housing construction, according to the case, to the people's council of the city quarter or to the people's council of the city, if the city is not divided into quarters, where the person making the request lives. These councils make their decision no later than fifteen days before housing is handed over.

#### Article 12

If the appropriate organs of government observe that the proposals of the housing allocation commission at the work center are not just, they do not approve them and return them for alteration. If the commission repeats the same proposal and the appropriate organs of government again observe that it is not just, they do not accept it and decide by themselves on the persons who should be accommodated by that work center.

#### Article 13

If a worker who has presented a request for housing is transferred to another work center in the same city, the seniority of his request is retained and, if he has made a contribution to the housing construction together with the voluntary contribution of his former work center, he continues to work in it and is considered for accommodations along with all the other workers at that work center.

#### Article 14

The organs and divisions of the Ministry of People's Defense and the Ministry of Internal Affairs act according to the regulations specified in this ordinance, with respect to housing that is planned and housing that is vacated by tenants.

#### Article 15

The priorities in fulfilling housing requests concern citizens who:

1. Do not have a dwelling area (who have been dispossessed or whose housing has been demolished; who live in housing that presents a danger of collapse; who are assigned or transferred from one district to another or within a district, if they have been given the right of housing in the new housing center; persons in orphanages who are being considered for the first time).
2. Live in basements or in unhygienic houses.
3. Prove by means of a report from the forensic medicine commission that they suffer from a serious illness, as provided for in the last paragraph of Article 3 of this ordinance.
4. Have the temporary use of housing, in accordance with a judicial decision on divorce, and will remain without housing after the application of this decision, or are obliged by judicial decision to vacate housing because of imperative need on the part of the owner.

5. Have a need for more space.

#### Article 16

Vacated housing in work centers remains at the disposal of the people's council of the city quarter or of the people's council of the city, if the city is not divided into quarters, while areas that are vacated by the transfer of workers outside the district remain at the disposal of executive committees of people's councils of districts.

The people's council of the city quarter or the people's council of the city, if the city is not divided into quarters, make a decision regarding the housing that is being vacated not later than ten days before the date of its vacating.

Vacated areas in housing for soldiers in organs and divisions of the Ministry of People's Defense, and the Ministry of Internal Affairs, and housing workers at the "Enver Hoxha" University of Tirana remain at the disposal of these organs for use by their workers. They must make their proposals to the organs in charge of housing allocation not later than twenty days before the date when the housing is to be vacated.

#### Article 17

Within ten days of taking over new housing and apartments that are vacated, the communal enterprises that administer housing notify the organs in charge of housing allocation, which—within ten days of that notification—give authorizations for accommodation of citizens and send a copy to the communal enterprises for the purpose of concluding a contract. The authorization contains the number and date of the decision, on the basis of which the housing has been allocated. The deadline for concluding the contract is ten days from the date of the issuance of the authorization.

With the expiration of this deadline, the authorization becomes null and void. If the contract is not concluded within the limit of the deadline for justifiable reasons, when the contract is concluded the communal enterprise that administers housing pays the tenant an amount equal to the value of the lease from the issuance date of the authorization.

#### Article 18

Citizens who do not accept designated housing from the organ in authority, if that housing is in accordance with the norm and with health requirements, lose their ranking. Citizens who sell their housing as personal property are not given authorization for housing.

It is not permitted for one apartment to be used as housing for two or more families.

If two families live together in a single apartment and one of the families leaves, the housing area that is vacated is given to the other family, if it belongs to them; if it does not belong to them, the apartment comes into the possession of the appropriate organ and the

remaining family is given another dwelling, according to designated norms, if they accept it.

#### Article 19

After a month has passed from the last day when rent must be paid by the tenant of a dwelling, the communal enterprise must begin action to collect the debt.

The document belonging to the enterprise, which certifies its credit claim on the tenant for payment of the dwelling rent, use of electrical energy and water, and the appropriate fees, telephone service, obligation for the painting of common areas as well as payment for damages and fines due to damage and destruction of dwellings, in accordance with the regulations for use and maintenance of state housing, specified by the Ministry of Communal Economy as executive title, is sent to the accounting office of the work center or pension office of the tenant. On the basis of this document, these offices are obliged to take appropriate action.

If the tenant cannot pay his debts, the communal enterprise has the right to send this document for execution to the work center of other members of the tenant's family who are of legal age and who are also obliged by the housing lease to realize the unfulfilled obligations.

#### Article 20

If housing areas remain unallocated after the deadlines designated in Article 17 of this ordinance, due to the fault of the communal enterprises that administer the housing, the financial damages equal to the value of unpaid rents are charged to the workers responsible for the situation at these enterprises, together with the indemnity prescribed in accordance with the Labor Code.

If housing areas remain unallocated after the deadlines designated by the provisions of this ordinance, due to the fault of the organs or enterprises in authority, the communal enterprise is obliged to request from them the sum of the unpaid rents for the financial damage caused.

#### Article 21

Construction enterprises or communal enterprises that administer housing are obliged to request that the appropriate local organs of government where the housing is situated evict, by administer order, citizens who occupy housing areas without having signed a lease. The organs of government are obliged to issue this order on the basis of Article 289/II of the Civil Code.

#### Article 22

The ordinance of the Council of Ministers, No. 2, dated 23 March 1958, "On the Manner of Leasing Housing," and the order of the Council of Ministers, No. 8, dated 12 July 1983, "On the Administration of Requests for Housing," are abrogated.

**Article 23**

This ordinance goes into force immediately.

Chairman of the Council of Ministers  
Adil Carcani

**Military Councils Set Up in District Courts**

90EB0175B Tirana GAZETA ZYRTARE in Albanian  
Nov 89 pp 79-80

["Resolution on the Designation of District Courts Where Military Councils Are Established"]

[Text] On the basis of Article 78 of the Constitution and Article 16 of the Decree, "On the Judicial Organization of the RPSSH [People's Socialist Republic of Albania]," by proposal of the Supreme Court,

**The Presidium of the People's Assembly of the People's Socialist Republic of Albania has resolved:**

1. Military councils are established in the courts of Tirana, Durres, Shkoder, Korce, Elbasan, Vlore, Fier, Gjirokaster, Kukes, Mat, Berat, Diber, Sarande, and Tropoje districts.
2. The military council in the Tirana District court extends its activities to Kruje District as well.
3. The military council in Shkoder District court extends its activities to Lezhe District as well.
4. The military council in Korce District court extends its activities to Pogradec and Kolonje Districts as well.
5. The military council in the Elbasan District court extends its activities to Librazhd and Gramsh Districts as well.
6. The military council in the Fier District Court extends its activities to Lushnje District as well.
7. The military council in Gjirokaster District court extends its activities to Tepelene and Permet Districts as well.
8. The military council in the Mat District court extends its activities to Mirdite District as well.
9. The military council in the Berat District court extends its activities to Skrapar District as well.
10. The military council in the Tropoje District court extends its activities to Puke District as well.
11. Resolution No. 193, dated 23 September 1968, is abrogated.

This resolution goes into force immediately.

Tirana, 13 November 1989  
Resolution No. 341

For the Presidium of the People's Assembly of the People's Socialist Republic of Albania

Secretary, Sihat Tozaj  
Chairman, Ramiz Alia

**Change in Law on Pensions**

90EB0175A Tirana GAZETA ZYRTARE in Albanian  
Nov 89 p 78

[Decree Regarding an Addition to Law No. 4976, dated 29 June 1972, "On the Pensions of Members of Agricultural Cooperatives"]

[Text] On the basis of Article 78 of the Constitution,

By proposal of the Council of Ministers,

**The Presidium of the People's Assembly of the People's Socialist Republic of Albania has resolved:****Article 1**

In Law No. 4976, dated 29 June 1972, "On the Pensions of Members of Agricultural Cooperatives," after Article 4 is added Article 4a with this content:

"A woman who is a member of an agricultural cooperative, who has given birth to and raised six or more children until the age of eight, has the right to receive an old-age pension when she has reached the age of fifty and has fifteen years of service at work."

**Article 2**

This decree goes into force 15 days after publication in GAZETA ZYRTARE.

Tirana, 13 November 1989  
Decree No. 7339

For the Presidium of the People's Assembly of the People's Socialist Republic of Albania

Secretary, Sihat Tozaj  
Chairman, Ramiz Alia

**CZECHOSLOVAKIA****Democratic Forum of Communists Drafts Its Rules**

90EC0249A Prague RUDE PRAVO in Czech  
10 Jan 90 p 8

[Text]

**Proposed DF(K) Organizational Statute****I. DF(K) Membership**

1. DF(K) [Democratic Forum of Communists] membership is open to CSSR citizens of age, and to foreign citizens who agree with the DF(K) program and support it materially by regular dues.

2. Members participating in the movement's activities are active members.

3. In addition to active members there are contributing members. Those agreeing with the program and materially supporting it are regarded as contributing members.

4. All members, active and contributing, enjoy an equal status in the DF(K).

5. New members are admitted to the DF(K) by any DF(K) base collective on the basis of a personal application. The base collective endeavors to assure that the DF(K) is not misused by citizens who behaved disreputably in the past and lack public trust. The base collective develops high moral and political qualities of members and insures correct democratic conduct.

6. In its activity the DF(K) counts on sympathizing citizens. It will disseminate ideas among them, support their interests and counts on them in convoking democratic forums.

## II. DF(K) Structure

### 1. Base Collectives

1.1. Base collectives come into being as democratic forums of the left.

1.2. Members join in base collectives wherever at least five members unite to do so.

1.3. All matters of principal importance are dealt with by the base collective's forum.

1.4. To coordinate its activity the base collective's forum will establish a coordinating center. In numerically small collectives one or several spokesmen may substitute for this center.

### 2. Okres Organizations

2.1. Okres organizations are formed by DF(K) base collectives in the okres.

2.2. For coordinating joint activities and joint problems a DF(K) okres coordinating center is established as an organ in which all base collectives in the okres are represented—by at least one representative each.

2.3. Joint problems of principal importance are dealt with and resolved by the DF(K) okres forum convoked by the okres coordinating center.

2.4. As needed, okres coordination centers form executive, consultative and initiative groups.

### 3. Higher Coordinating Centers and the National Center

3.1. In Bohemia, Moravia and Slovakia DF(K) provincial coordinating centers are established as representative organs of okres organizations, each having at least one representative.

3.2. On their own initiative or when proposed by any okres coordinating center the provincial coordinating centers convoke DF(K) provincial forums.

3.3. The DF(K) national coordinating center is formed by joint deliberation of the provincial centers. During deliberations no majority may be formed against DF(K) members from the Slovak Socialist Republic.

3.4. On its own initiative or when proposed by any provincial center the national coordinating center convokes a DF(K) national forum.

3.5. As needed, the provincial as well as national coordinating centers form executive, consultative and initiative groups.

3.6. The national and provincial coordinating centers establish a National (provincial) program council of the DF(K). Its members can be noted scientists, artists and other prominent personalities from all areas of social life. The program council will work in accordance with a special statute approved by the DF(K) National and provincial coordinating centers.

## III. DF(K) Rules of Conduct and Business

1. Each member has an inalienable right to completely free expression of his views during deliberations or outside of them, and to retain these views also in case that the majority does not accept them.

2. The basic method of deliberative conduct is collectivity and striving to unite the opinions of all. The existence of different opinions joined by the program and organizational statute belongs to the fundamentals of relations within the DF(K).

3. DF(K) base collectives, okres and provincial coordinating centers may communicate among themselves freely, directly and informally.

4. Each coordinating center may delegate the carrying out of some activities to another coordinating center.

5. Material support of DF(K) activities derives from member dues, donations from sympathizing citizens and organizations, and potentially from its own economic activities.

6. Dues scale. Based on total net income:

- up to 1800 Kcs, membership dues of 1 Kcs;
- from 1801 to 2200 Kcs, dues of 2 Kcs;
- from 2201 to 2600 Kcs, dues of 4 Kcs;
- from 2601 to 2800 Kcs, dues of 10 Kcs;
- from 2801 to 5000 Kcs, dues are one percent of net income;
- over 5000 Kcs, dues are 2 percent of net income.

7. The base collectives may in individual cases adjust dues down or up.

8. Of the receipts from membership dues, ... percent of the total is retained by the base collectives, ... percent flows to the okres and ... percent to the provincial coordinating centers.

9. The activity of the National Coordinating Center will be financed from the funds of the provincial coordinating centers.

10. In addition to the coordinating centers on all levels there will be established audit commissions to oversee financial management, reporting to forums on the corresponding levels.

Prague, 3 January 1990

### **Bilak Implicated in Warsaw Pact Invasion**

*90EC0211A Prague ZEMEDELSE NOVINY in Czech 2 Jan 90 p 3*

[Interview with Dr. Antonin Bencik, historian, founding member of the Obroda Club for Social Reconstruction and member of the Czechoslovak Commission for Clarification of 21 August 1968, by Jan Subert: "Who Invited Armed Intervention?"; date and place not given; first two paragraphs are ZEMEDELSE NOVINY introduction]

[Text] Relatively recently there still were some doubts about the actual existence of individuals who would act against the will of our people and contrary to laws by inviting foreign armies to our country to suppress the Prague Spring in 1968. It was only in the past two years that all confusion vanished on the basis of testimonies from two completely unrelated sources. The shattering truth was revealed jointly by the Hungarian daily *MAGYARORSZAG* and by reminiscences which Vasil Bilak, intoxicated by his victory as normalizer, entitled "The Milestones of My Life."

The contents of both above-mentioned sources are very well known to historians, politicians and journalists. The grassroots are considerably less acquainted with those materials. In view of the fact that those data are unusually relevant as well as interesting, we asked historian Dr. Antonin Bencik, member of the Czechoslovak Commission for an Analysis of the August events, and a founding member of the Obroda-Club for Socialist Reconstruction, for an interview about this topic.

[ZEMEDELSE NOVINY] May we begin with the testimony of the Hungarian daily *MAGYARORSZAG* based on an interview with J. Kadar, the former secretary of the Central Committee of the Hungarian Socialist Workers Party? Why is it important for your search of the truth about August 1968?

[Bencik] In the ninth through the eleventh installment of an interview with J. Kadar the newspaper *MAGYARORSZAG* published in July 1989 data which for us are very important because he deals there with events which took place before and during August 1968. The interview presented facts about the meeting of the five Warsaw Pact representatives held in Moscow on 16 August to discuss an immediate military intervention. Relevant communications from that meeting were submitted to the Presidium of the Central Committee of the

Hungarian Socialist Workers Party on 20 August by one of the members of the Hungarian delegation who had attended the Moscow meeting.

[ZEMEDELSE NOVINY] In other words, this is reliable first-hand information. Could you try to summarize at least its most salient points?

[Bencik] Already during the meeting in Bratislava on 3 August 1968 V. Bilak, in his own name and on behalf of his followers, addressed a letter to the CPSU leadership in which he informed that he personally and with him his comrades who shared his views intended to break off with the then CPCZ leadership. To achieve their objective they requested foreign aid, including military assistance. Specifically, they planned to address the meeting of the CPCZ CC Presidium on 20 August, to appeal to the population and to call openly for a military intervention. They informed that they were ready to seize control of radio and television networks, and if everything would go smoothly, they intended to elect immediately a new Presidium of the CPCZ CC and a new government. As we know, this scenario was accepted by the Moscow leadership, but many of its scenes failed to be played that way.

[ZEMEDELSE NOVINY] On the whole, for you, historians, this information was nothing new; it only confirmed what you had already known from the written testimony of V. Bilak himself...

[Bencik] In 1968 *RUDE PRAVO* and the Slovak daily *PRAVDA* began to publish V. Bilak's serialized memoirs entitled "The Milestones of My Life." Their publication was suddenly stopped but the whole work appeared as samizdat and spread rapidly. Thus, much of what we had only suspected was fully revealed.

In his recollections V. Bilak—in a sort of an ecstatic euphoria as a winner of the normalization policy—impudently and self-assuredly describes his subversive machinations against the party and state leadership at that time. For example, he quite bluntly considers a coup d'etat which was to take place during the 14th CPSL Congress and part of which included the arrest of Dubcek, Cernik and Svoboda. In conjunction with this plan he names quite a few persons on whose aid in the fulfillment of his plan he was counting: D. Kolder, A. Indra, K. Hoffmann, J. Lenart, J. Fojtik, J. Korcak, A. Kapek, V. David, O. Svestka, M. Jakes, M. Zavadil, J. Havlin, V. Salgovic, J. Janik, L. Pezlar, K. Boda and others.

[ZEMEDELSE NOVINY] So far we have discussed only his subversive machinations and other such intentions. Those who have not read "The Milestones of My Life" may rightfully object that it often is a long way from plans to deeds...

[Bencik] As proof that V. Bilak's activities did not end with anything more than harmless meditations, we may quote for instance this passage from "The Milestones of

My Life": "In a situation full of conflicts and contradictions, on the brink of a civil war, 9 September was approaching—the day when the 14th party congress was to begin. Due to great pressures from individuals dedicated to socialism a proposal was made that for any eventuality a letter be drafted by which members of the CPCZ CC and of the National Assembly request assistance from our allies. Every possibility had to be considered."

[ZEMEDELISKE NOVINY] ... and it may be relevant to note that the author of the memoirs frankly admits the existence of such a letter.

[Bencik] Indeed, and here again a direct quote may help: "As I have already mentioned," states the author in another passage, "a written request for fraternal aid was drafted for any eventuality. During the Bratislava meeting a request was handed to our Soviet comrades—a letter by which certain members of the Presidium of the CPCZ CC and of the government asked the Soviet leadership for help..."

It is true that Bilak does not specifically name the signatories of this request, but the co-authors and adherents he repeatedly mentions are D. Kolder, A. Indra, K. Hoffmann, J. Lenart, O. Svestka, V. Salgovic, J. Fojtik, M. Jakes, M. Zavadil, J. Janik, L. Pezlar and others.

Another passage in the text focuses on the planning of a joint strategy by Bilak, Kolder, Svestka and Rigo at the meeting of the CPCZ CC Presidium on 20 August 1968, with the following conclusion: on 20 August Bilak and other initiators were aware that a military intervention would be launched in a few hours, and they took certain steps to ensure its success.

[ZEMEDELISKE NOVINY] Testimonies by Dubcek, Cernik and Mlynar, all of whom had attended the dramatic session of the CPCZ CC on 20 August, made it known that the purpose of those steps was to guarantee political legitimacy for the intervention...

[Bencik] At the given moment that was the most important thing. Bilak and his closest allies intended to force the presidium to adopt a proclamation welcoming the intervention. However, within the first minutes of the military attack, their plans began to crumble and Bilak was losing his self-assurance. After the launching of the intervention was reported, Z. Mlynar, the secretary of the CPCZ CC, proposed a statement condemning the intervention, but the Bilak faction demanded a recess because they expected the Soviets to seize the building in the meanwhile.

"Subconsciously I believed," says Bilak brazenly, "that a major or a colonel of the Soviet army would enter the meeting hall, salute and with an excited voice report that upon the request and in accordance with the commitment made at the Bratislava meeting they came to fulfill their international duty." Nevertheless, at the end of the recess the colonel was nowhere to be seen; a serious

debate began about the statement against the intervention. And again we are able to learn about Bilak's impressions and notions at that particular moment:

"We had not prepared any alternative actions... All we needed was to call a couple of loyal and responsible officials in the apparatus of the CPCZ CC, quite a few of whom were present in the building at that time, and to post them at the door to the meeting hall to prevent any of the right-wingers from leaving... I was hoping that the presidium would not vote for such an appeal to the Czechoslovak people. Unfortunately, Piller and Barbirek were overcome by fear and would not vote with us. Dubcek, Cernik, Kriegel, Smrkovsky, Spacek, Piler and Barbirek voted in support of the proclamation; Bilak, Kolder, Svestka and Rigo voted against. Others, for instance, Jakes and Indra, did not have the right to vote."

I should like to add that a few pages later this author makes another statement in which he describes how he and his allies attended a conference at the Soviet embassy and there they actually discussed the establishment of a "revolutionary government of workers and farmers."

[ZEMEDELISKE NOVINY] In addition, it is very important to know that Bilak's pernicious role was far from over when the invading armies arrived. As the secretary of the CPCZ CC and later a member of the presidium he was a leading creator of the period of political, social and cultural darkness which followed.

[Bencik] As a matter of fact, in the last chapter of his own book Bilak himself predicted his further role as an active normalizer. Precisely that part perhaps best of all expresses his euphoric satisfaction over the victorious defeat of the Prague Spring. He tells how he maneuvered Dubcek's dismissal and how he discussed suitable candidates with Brezhnev. We can learn there about Husak's secret meeting with Brezhnev in Mukachevo and also how the author's dream came true when Dubcek resigned. And again we encounter there the names of his loyal collaborators.

Among other things, V. Bilak proudly informs us: "For three or four weeks our comrades from Prague and our contacts from various regions and districts would meet in my office at the CPCZ CC. Here we assessed the situation and determined our further strategy. Comrades D. Kolder, K. Hoffmann, A. Indra, J. Lenart, O. Svestka, J. Fojtik, V. David, A. Kapek, J. Korcak, V. Novy, M. Zavadil, O. Rytir and others worked most vigorously. Of great help to us was G. Husak who correctly controlled the situation in Slovakia, which strongly influenced the situation in the Czech lands."

[ZEMEDELISKE NOVINY] On the basis of these and other testimonies and facts, a group of historians, members of the Obroda Club, proposed to general prosecutor of the CSSR in August 1989 to initiate an investigation against V. Bilak for justified suspicion of high treason.

**Adamec Assesses CPCZ Extraordinary Congress**

90EC0212A Prague RUDE PRAVO in Czech  
23 Dec 89 p 1

[Interview with Prime Minister Ladislav Adamec by Michal Podzimek: "Action Program to Life"; date and place not given; first paragraph is RUDE PRAVO introduction]

[Text] Friday afternoon, twelve hours after the conclusion of the extraordinary party congress, we posed a few questions to Comrade Ladislav Adamec.

[RUDE PRAVO] In what way was the extraordinary congress extraordinary?

[Adamec] It was extraordinary in many respects. Already its convocation was the outcome of spontaneous demands from the grassroots. It had nothing in common with the self-exaltation at previous high-level meetings which were basically only formalities that never resolved any problems. Its main purpose was to find a way out from a deep crisis. Unlike in the past, it was not beholden to the false notion of immutable policies; on the contrary, it unanimously demanded that we depart from our previous line. The change of cadres considerably differed from the past, because—with some exceptions—new individuals, most of them unknown to our public, were elected. Furthermore, the social atmosphere in and outside the Congress Hall fundamentally differed from the past.

[RUDE PRAVO] What did the party members and the grassroots expect from the congress? Were their hopes fulfilled or disappointed?

[Adamec] The results of our discussions will be judged in different ways. The Congress may not have satisfied everybody in every respect. This has to be expected; it cannot be otherwise when complex affairs are democratically assessed. We have parted with many ideas and with many individuals. One can already hear views that words alone cannot be trusted; there are warnings against relying merely on intentions and assurances. I can understand genuine anxieties among honest people, whatever their political views may be, and I do regard them as fully justified. We do not judge actions by other political forces in any other way—we do not trust anybody's words; we judge people by their deeds. The sooner we can agree on that, the faster we shall reach a genuine national understanding, and the stronger our democratic system will become.

In the first place, expectations were focused on our attitude to our social crisis. We are aware of disputes about whether our party will be able to deal frankly, openly and without evasions and secretiveness with its disastrous legacy of the past. The tenor of our debates, the adopted programmatic documents and the completely new composition of elected cadres are proof of our sincere efforts and honest approach to the closing of the old and to the opening of a new chapter of our activities. The views about this or that aspect of this

particular event may—and already do—differ. In this case again it applies that you just cannot please everybody, which, naturally, was not, and could not be, our intention. The decisive fact is that our party has found in itself enough strength and courage to stop asserting any rights and prerogatives. It is not the proverbial virtue out of necessity, but rather the party's own, voluntary, honest admission. In our opinion, the heretofore practice not only violated the mission and purpose of socialism, which is social equality and justice, but it was a disservice and a threat to the healthy organism of the party itself.

[RUDE PRAVO] In addition, people are afraid that this may be some kind of a stopgap tactic or even a devious trap.

[Adamec] Any fast, easy and ready ways out from any critical situation are rarely available. We did not follow a cheap popular method of cursing our entire past and of heaping all blame on a few scapegoats. The whole discussion at the congress was permeated with frank, harsh and occasionally merciless criticism, irrespective of personalities, but in the interest of truth, justice, of the party's purification and of its future.

I should like to assure you that we did not deal only with ourselves. We proceeded from the conviction that the party's crisis cannot be resolved if the crisis in our society is not overcome.

[RUDE PRAVO] In what sense?

[Adamec] Above all, our fundamental political program aims to achieve political and economic stability and to abolish all provisional policies as soon as possible; it endeavors to give our people greater political, social and legal security. In an honest competition with all our partners, we intend to apply our ideas, proposals and the skills and experience of our party members, not to our own but to public benefit.

We want to be represented in governmental agencies and to share in the power of state and thus, to promote interests of our members and adherents. Nevertheless, it makes no sense to do nothing more than to defend state policies; should the circumstances warrant it, we must oppose them in a competent manner.

[RUDE PRAVO] What kind of a party should the CPCZ be?

[Adamec] Our program calls us to be a party for all members and not an organization which guarantees some of its leaders a comfortable living. We are a party of all honest people and true patriots. We shall defend legitimate demands of every citizen—be he or she a worker or a technician, a scientist or a farmer, a youth or a retired person. We see ourselves as guarantors of democratic rights and as consistent enforcers of social approaches to every individual. We are concerned in particular about our young people, women and other groups of socially disadvantaged citizens. We are aware

of the unique significance of sciences and culture, and therefore, their representatives will always hold a place of honor in our ranks. We will not ignore injustice, even in individual cases. A true democracy knows no exceptions—either it is, or it is not, democracy. We consider it our party's task to be everywhere, for everybody, once and always. One of the main tasks of the discussions at the congress was to provide the necessary guarantees.

[RUDE PRAVO] What is the party's primary concern at this moment, a few hours after the congress?

[Adamec] The congress is over; now is the time to put our abilities and our sincerity to test in translating our action program into life. This program is not ours alone; it proceeds from the best ideas of other political parties and movements. It constitutes a foundation for our joint policy. We are convinced that it will be understood in this manner and that it will contribute toward our national understanding.

[RUDE PRAVO] Thank you for the interview.

## GERMAN DEMOCRATIC REPUBLIC

### Early GDR Acceptance of Unification Detailed

90EN0315Z Hamburg DER SPIEGEL in German  
12 Feb 90 pp 16-20

[Unattributed article: "We Are Going To Break Down Soon"; first paragraph is DER SPIEGEL introduction]

[Text] When will German unity be announced—this year? Within a few months? The pace of decline in the GDR disturbs Bonn and is ruining all plans to merge the two states in an ordered domestic policy and a safeguarded foreign policy fashion. "The train has departed." Can it be stopped?

"The Republic is now in its 41st year," Hans-Dietrich Genscher ruminated in a discussion with Chancellor Helmut Kohl, "but such immense tasks have never had to be solved." And when he thinks back to the political quarreling of recent years—for example, over financing hearing aids and eyeglass frames—then these problems are ranked as "nothing short of ludicrous" in view of the approaching problems.

What some incessantly implored—mostly on Sundays—and what others only saw far away or not at all has approached at a tempo no one expected. It is no longer the "whether" or even the "how," but only the "when" of German unity that is at issue.

It seems certain since last week: German unity is coming prematurely—a case for the incubator.

No sense of gratified satisfaction can be felt among the officials of the fragmentary state in Bonn; no unbridled joy has broken out. According to a participant, everyone "was apprehensive" when Kohl gave a dramatic report about the "destruction" of the GDR and its visible end (see cover story, page 24) in the cabinet last Wednesday.

The Bonn government is startled: The pace of the changes is making a muddle of all plans and is making excessive demands on even the boldest fantasies. State Secretary of the Interior Hans Neusel said about the chaotic situation, "We have enough problems for five years, and we're supposed to solve them in five weeks."

Even the perennial beseechers of unity did not imagine the fulfillment of their wishes like this: Reunification, as all participants in the last cabinet meeting came to realize, means takeover of a nearly bankrupt enterprise—that is, as Genscher stated, "not for free." On the contrary, the citizens of the Federal Republic will have to make sacrifices of inestimable dimensions for the liberation of their brothers and sisters.

It is not just the social and financial challenges that concern the Bonn government. The lingering break up of the Soviet empire will reach a critical phase when the GDR extricates itself from Mikhail Gorbachev's realm of authority at the East/West junction—the final goodbye from the European post-war order.

Will the Soviet Union endure this development as irrevocable? Will the United States, which tries to impede every change in the political equilibrium just as the Eastern superpower does, approve of the new situation?

Kohl and Genscher are looking for answers to questions in discussions with the U.S. foreign minister, James Baker; the Polish foreign minister, Krzysztof Skubiszewski, and European neighbors, and they are attempting to clarify the nearly unstoppable course of history and to dispel some worries—with some success.

The CDU [Christian Democratic Union] chancellor and his FDP [Free Democratic Party] vice chancellor had the most difficult mission to carry out during their surprise visit to Moscow. Even if the official government line until recently was that "reunification interferes with stability," the German emissaries had to convince Mikhail Gorbachev of the contrary on the weekend: "Division is most dangerous."

Political bosses in Bonn, who otherwise believe they have solutions for everything, no longer determine the course; they are being shoved. Minister of the Chancellery Wolfgang Schaeuble wonders if a government can even still be formed. Schaeuble said, "I'm not so sure of anything."

Horst Teltschik, chancellor advisor, suggested that Hans Modrow could swear an oath of disclosure, perhaps offer the Bonn Government a takeover of his state as early as his visit on Tuesday [13 February], and recommend integration with the Federal Republic to the People's Chamber after his return to East Berlin.

With such a confirmation of membership the unified fatherland so affectionately longed for by some would thus be born overnight, so to speak. Opposition, misgivings, or even refusal—all this would be precluded by

Article 23 of the Law<sup>1</sup>. The confirmation of membership of the GDR Government or of individual Laender is valid alone.

The repercussion: Bundestag elections could hardly take place on 2 December 1990, the actually planned date. Instead, general German elections would be announced. Minister of Finance Theo Waigel, in a SPIEGEL interview (see p. 20): "This possibility exists."

Wolfgang Mischnick, head of the FDP group in the Bundestag, predicted: "The year 1990 is the year of German unity, at least in the eyes of the people of the GDR, because they prefer unity today rather than tomorrow." Bedlam has taken the place of orderly work in the Bonn Government head office and in the offices of the ministries—even of the opposition. Problems cannot be thought out because actual conditions vary virtually from day to day. Directives are outdated before they are executed.

State Secretary in the Justice Ministry Klaus Kinkel had negotiated a law enforcement treaty with GDR colleagues for seven years. Questions of Berlin's status and citizenship impeded an agreement. Berlin was no subject at all one week ago Thursday [1 February]—only citizenship was. However, even the last obstacle was surmounted on the evening of the same day after Modrow's Berlin Declaration in which he invoked the unified fatherland. Kinkel realized: "Wherever you look, the normative force of the tangible governs."

CSU [Christian Social Union] Minister of Finance Waigel, who only last week had rejected an impending currency consolidation for apparently convincing reasons, as did his FDP economic colleague, Helmut Haussmann, agreed to this last week. Hausmann's Ministry announced its Phase Plan—which has meanwhile become outdated—one day after the cabinet resolution.

Genscher had tried for a long time to "embed" reunification in a European policy. Even at the end of last year, his planning staff had maintained that the rapprochement of the two German states could "transpire without friction and risks only to the extent that European division is overcome." In plain language: only after the dissolution or transformation of both military alliances. There is no talk of that now. Now Genscher's diplomats are considering whether GDR territory can be added to NATO politically, but not militarily (see p. 22).

Last week, the NATO ambassador reported in a telegram from Brussels "that a chronological synchronization of the German union with the defeat of the European East-West division will not be possible."

Even the week before last, Genscher had suggested an agreement between the two German states "on the way to German unity in Europe. At the right time," citizens should "have the possibility of expressing their opinion by electing a constituent assembly," as Article 146 of the Law provides.<sup>2</sup>

Last week, the same Genscher developed yet another new idea: The GDR and the Federal Republic should finalize an agreement which gives the Laender of the GDR the chance to apply for accession pursuant to Article 23 of the Law—the convenient annexation of the GDR into federal territory. This agreement should be coordinated with the four powers in order to supersede their rights of exception.

The discussion mechanism among Social Democrats who felt conceptionally superior to the Bonn Government for a long time also shows how quickly things change in Germany. Did they not thoroughly consider everything for the orderly path to German unity in their Berlin declaration on 18 December? That declaration covered everything from an "agreement partnership" with the goal of "balancing living conditions in both German states," to a "confederation" as the "constitutional structure achievable at this time," to a "federal state unity" in a unified Europe.

Top Social Democrats hammered out the details with great diligence, as did SPD [Social Democratic Party of Germany] Deputy Bundestag Chairman Horst Ehmke in a "Problem Outline." Accordingly, the FRG and the GDR should found an association with the name "German Community," which leaves the international public law obligations and rights of both states in tact. It would be the community's task to formulate a "democratic federal state of Germans" as part of a European peace structure and thus gradually institute a currency, economic, and social union, including EC membership for the GDR.

All of the SPD's plans fell by the wayside over the weekend.

Representatives of the SPD of the East kept their distance a week ago Sunday [4 February] in the very first meeting of the joint committee of both sister parties, because the pressure for fast unification in the country is too strong. Dieter Schroeder, chief of the West Berlin Senate Chancellery, who discussed the confederation plans with experts from Bonn, said: "The train has departed." And he petitioned for GDR citizens to vote on joining the Federal Republic on 18 March: "That would be an orderly procedure."

Politicians report first hand how rapidly the eastern state is crumbling: Fearing a collapse, GDR citizens are exchanging their savings and are opening Deutsche mark accounts in border communities. Others fear that no trains will be traveling soon and that trash will accumulate.

Many GDR citizens are trying to escape the impending depreciation of their savings by purchasing material assets—it's just that there aren't any on the market.

Instead of the moderate path to unity, quick accession is the big topic—even for the otherwise so reticent FDP minister of justice Hans Engelhard. He opined: "Our Law is well suited as a collective German constitution."

Most of his minister colleagues would prefer an orderly transition. They wonder whether GDR citizens who lived under a dictatorship for a long time can be subjected to a democratic constitution with all its ancillary laws. Such problems would have to be carefully discussed first in a constituent assembly; it would be time for intensive negotiations with the four allied powers and for discussions with neighboring countries. Some reassuring answers would be necessary for the GDR, too. Farmers want to know whether the land they received in the land reform after 1945 will belong to their production cooperatives in the future. "If the old owners return," GDR CDU Chief Lothar de Maiziere warned, "then there will be a deluge of farmers in the FRG." The deputy prime minister also asked the Federal Government to clarify that former firm owners, too, could assert no claims on their old property from the West: "The economically weaker GDR citizen may not be the victim again."

All experts agree: State unification alone will by no means create the prosperity the people in the East wish. At best, it has psychological affects—with the risk of false expectations and great disappointments.

Transition periods of many years, such as with the union of the Saarland, are necessary in order to administer the incorporation technically and legally.

In the GDR, for example, the "right to work" is guaranteed by constitutional law. Can this constitutional precept be maintained under capitalist conditions? A working mother raising a child alone who cannot work when her child is ill can claim 90 percent of her salary for six weeks. Can the GDR dispense with this achievement?

Even Bonn's Basic Law contains requirements that will be costly for a united Germany.

All citizens of West Germany have a right to approximately equitable fundamental and living conditions from the state. The rich Laender are obligated to assist the poorer ones by way of a redistribution of revenue—billions would have to flow from the West to the East to comply with this precept of the Basic Law.

"It cannot be expected that the problems will be solved by unification," according to Bundestag President Rita Suessmuth. "However, one could buy time with de facto unity in essential areas in order to approach the state question more creatively."

There is no time for this. Last Wednesday, Chancellor Kohl appointed a cabinet committee for "Germany unity" that is supposed to plot the basic structure for the new integrated German formation. Ministers of finance and the economy are preparing the currency and economic reform, the minister of labor is taking care of the unemployed and pensioners, Engelhard is pondering a conformation of law, and associate Schaeuble is pondering Land and local constitutions, administrative organization, and service directives.

Kohl has already made a decision worthy of Solomon: Berlin will be the future capital, Bonn will remain the seat of government.

#### Footnotes

1. Article 23: "This Basic Law is applicable initially in the territory of the Laender of Baden, Bavaria, Bremen, Greater Berlin, Hamburg, Hesse, Lower Saxony, North Rhine-Westphalia, Rhineland Palatinate, Schleswig-Holstein, Wuerttemberg-Baden, and Wuerttemberg-Hohenzollern. It is to become effective in other parts of Germany after their accession."

2. Article 146: "This Basic Law loses its validity on the day a constitution comes into force that has been decided upon by the German people in a free election."

## HUNGARY

### Basic Concepts of Future National Security Law Outlined

*25000609F Budapest NEPSZABADSAG in Hungarian  
12 Jan 90 p 4*

[Article by Lajos Bodnar: "What Will the National Security Law Say About Telephone Wiretapping?"]

[Text] Duna-Gate, which erupted last week, has directed Hungarian public attention to the deep-seated contradiction that will strain the relationship between the Hungarian state security's practice based on secret, internal directives on the one hand, and the constitutionally guaranteed political and civil rights on the other, for a long time to come. But it is unlikely that this political scandal could have swollen to such unprecedented proportions had the public received timely information concerning the planned reorganization of the security service. Such information would not only have calmed the lack of understanding and shock manifested by society in response to discovering the methods applied by the secret service; an announcement like this would also have moderated the security service, by exerting pressure on them to change their work methods and to abide by new requirements of legality.

Although on the basis of brief references we have learned that a concept paper concerning the protection of national security and the organization of the security service has been developed, they have treated the contents of this concept paper as a top government secret—as a result of old reflexes. In light of the developments, this excessive caution appears to be clearly damaging, even though it may be explained in part. After all, the concept paper itself makes reference to the fact that the politically active public observes and searches with constant suspicion when the "guardians of order" abuse their vested powers. In view of press reports on the wiretapping scandal, this hunch of the persons in charge was fully correct.

But what does the concept paper have to say about secret information gathering, the item the public is most interested in? About controls over the mail, telegraphic and telex messages, and the telephone?

The concept paper holds that security organs will continue to have authority to gather information and data. The head of government, the president of the republic, Parliament, and, based on interstate agreements and principles of mutuality, foreign authorities could be informed of such activities by the minister who supervises the security service. The concept paper underscores the fact that the secret service could not perform its tasks in the absence of traditional means of information gathering. They recommend, however, that means having a direct impact on constitutional rights should be authorized by law as soon as possible. The concept paper includes the opening of mail and telephone wiretapping in this category.

A majority of the states deal with this possibility in a pretentious way, and do not govern such activities in publicly available legal provisions. On the other hand, the framers of the national security law endorsed the idea of developing an open regulatory framework.

Accordingly, as compared to the present practice, the security service may conduct wiretapping or open mail only in cases that are warranted, and only within a tight category defined by law.

The goal of the concept paper is to ensure that the future security service of the constitutional state will operate within a legal framework, in strict harmony with the security policy of the government that prevails at a given time. The future law must serve state security, the defense of constitutional order, and counterespionage in this spirit. And today's practice must also evolve in this spirit, although the creation the national security law may be realistically expected to be the task of the new parliament.

#### **Independent Social Democrats on Duna-Gate**

*250006091 Budapest NEPSZAVA in Hungarian  
12 Jan 90 p 5*

[Text] The Independent Social Democratic Party is obligated to issue a statement in response to the scandal that erupted in conjunction with the activities of the Internal Security Service of the Ministry of the Interior.

(1) We deeply condemn the persons who may be implicated in this case. We request that they be held accountable. We trust that the investigation and the act of holding to account will not be guided by the intent to find a culprit.

(2) Our concern about the fact that certain opposition organizations had an opportunity to acquire secret service documents, and to utilize such documents for their

own purposes, without publicizing those purposes, prompts us to urge actions which provide reassuring guarantees.

(3) We expect sincere guarantees, not from political organizations or from persons involved in this matter, but from the government in its capacity as a proposed body, and from Parliament, as a decisionmaking body.

## **POLAND**

### **POLITYKA Weekly News Roundup**

*90EP0300A Warsaw POLITYKA in Polish  
No 3, 20 Jan 89 p 2*

[Excerpts]

#### **National News**

President Wojciech Jaruzelski, in a speech given during a meeting with the diplomatic corps, supported the Helsinki II meeting at the highest level which Mikhail Gorbachev has proposed. With time, building unity in Europe could take shape as outlined by President Mitterand in "the genuine form of a European confederation." W. Jaruzelski said that "perhaps the time is coming for amending and enriching the Final Act of the CSCE—even more, for raising it to the level of a treaty." Archbishop Jozef Kowalczyk, the new dean of the diplomatic corps spoke in its name during the meeting. [passage omitted]

Toshiki Kaifu, premier of Japan, paid a short visit to Poland. The Japanese government desires to support reforms in Poland with more than \$250 million. Poland will receive \$150 for stabilizing its currency and \$25 million for purchasing food.

At the Halemba mine, 11 miners died as a result of a methane-gas explosion.

A group of about 200 young people forced its way into the Sejm building and then moved in the direction of the PZPR Central Committee where it broke windows with stones and broke open the doors with axes and set fire to them. The participants said they are anarchists. The press spokesman for the Central Committee declared that Poland is "threatened with lawlessness" and that we cannot build a state of law by tolerating lawlessness. Leszek Miller, secretary of the PZPR Central Committee, wanted to make a short declaration on television on the matter but his request was refused.

Deputies refused to finance the censorship office at the levels requested, they also suspended spending 7.8 billion zloty from the funds of the Chancellory of the President for state decorations.

In the opinion of KURIER POLSKI, the style of the names for the heads of the administrative units proposed

by the Office of the Council of Ministers—is retrospective: wojt [head of a group of villages], burmistrz [mayor], starosta [head of a district], naczelnik [head], wojewoda [voivod].

Family supplements will increase beginning in January to 60,000 zloty.

Farmers belonging to Solidarity of Individual Farmers picketed the Sejm; among their signs: "Farmers demand a voice in radio and television. End lying on television."

Mikolaj Kozakiewicz, marshal of the Sejm, during a press conference: The Sejm is working very hard; it has held 17 sessions, which is nearly the average for a two-year period during the previous Sejm. Elected as part of the compromise of the roundtable, and thus not in a completely free manner, "it contains no crystallized opposition within its ranks. The Convention of Seniors has adopted the principle of consensus in its work." This does not mean that there are no differences of opinion. The marshal thinks that the new parliamentary elections will be moved up. As regards transmission of the deliberations, M. Kozakiewicz thinks that "none of the members of the Club of Seniors is delighted with the presence of television during the deliberations since the deputies are speaking not to those present but to the nation, especially to their voters." Perhaps a reduction in transmission can be introduced this year.

Noted in the GAZETA WYBORCZA (11 January 1990): "The percentage of Polish families claiming that they cannot satisfy their needs for food—43."

Barbara Piasecka-Johnson, says Zbigniew Lis, a Solidarity activist in an interview with a reporter for SZTANDAR MŁODYCH, has set conditions "we trade unionists cannot accept." As PAP reported on Tuesday, Mrs. Piasecka-Johnson finally broke off talks on a partnership. Cz. Tolwinski, director of the shipyards, listed the reasons for rejecting the offer (resigning from strikes for three years, releasing, during the initial stage, 3,500 workers, etc.).

The steelworks in Krakow intends to release 1,500 individuals from work. The Krakow employment office has only 15 job offers. Other large plants have also begun releasing workers. [passage omitted]

Magazines disappear—new ones appear. The weekly ARGUMENTY has published its last issue, the publication of the lay movement is ceasing after 32 years. "The constantly rising costs for printing and paper in particular finally got the better of us." A PO PROSTU has appeared; the editor in chief is Ryszard Turski, a sociologist, who was editor in chief of the paper liquidated in 1957. Each issue costs 1,200 zloty. The paper styles itself "an independent weekly" in its masthead. In the first issue: Bronislaw Geremek, Andrzej Szczypiorski, Stefan Bratkowski, Andrzej Drawicz, Maciej Kozlowski. On the cover is a picture of Joanna Szczepkowska.

The agricultural circles have presented a list of prices for agricultural products which ensure profitable production for 10 January 1990: rye, 82,600 zloty per quintal, wheat, 105,000 zloty, live hogs, meat and ham of the first category, 9,750 zloty per kg; live cattle, 7,800 zloty; milk of the first class, 1,460 zloty per liter.

The National Museum of Warsaw has evaluated the price of art works for free: among the objects shown to the specialists was an unknown Rubens "Portrait of a Boy" of 1794. (ZYCIE LITERACKIE) [passage omitted]

Statistics for the clergy (as of 20 October 1989 according to TYGODNIK POWSZECHNY): new priests ordained in 1981, 688; in 1989, 1,152; the total number of priests in 1981, 20,676, later there was annual growth to 24,678 in 1989.

Independent publishers have published an appeal demanding, among other things, a complete end to censorship, the creation of the foundations for legalizing the underground publications, a complete release of all cultural organizations from taxes, other than taxes on profits, and the complete return of the assets of underground publishers taken by functionaries of the Ministry of Internal Affairs.

Lech Walesa in a declaration stated that "the situation in Poland is becoming more complicated," "changes are occurring at a rate that does not augur well for the ability to introduce them efficiently and quickly," and in conjunction with this he asked the Sejm and government for "a decisive acceleration of the date for elections to the local self-governments." After a discussion with L. Walesa, Premier T. Mazowiecki intends to present such a proposal to the Sejm and the President.

Gen. Gruba has resigned his position "in light of the slanderous comments" and the "lack of specific explanations on the part of the proper central state organs" who know the truth about the events at the Wujek and Manifest Lipcowy mines.

Gornik Zabrze, the popular sports club, is reportedly bankrupt. The independent mines do not want to finance the "dead souls" with fulltime positions.

Barbara Malak, a doctor of social psychology, formerly a lecturer at Warsaw University, interned under martial law and later active in the underground, has been named the new spokesperson for Solidarity.

Military service is to be reduced to 18 months in 1990.

The Solidarity unit at the Nowa Huta Steelworks has demanded the director—deputy Boleslaw Szkutnik—be removed. The accusations: a lack of competence, secret financing of political and youth organizations. The other unions oppose removal and demand a thorough investigation of the accusations.

The Malopolska region of Solidarity has asked the ministry of internal affairs to remove Gen. Jerzy Gruba as head of the Krakow Voivodship Office of Internal

Affairs. He is accused of giving the order to fire on the miners at the Wujek mine, "an aggressive attitude toward the process of democratization," and "delaying action in situations seriously threatening the public for reasons not connected with his duties" (for example on 13 December 1989, during the demonstration and in front of the Consulate of the USSR). [passage omitted]

### In Europe

[Passage omitted] The 12 countries of the EEC have agreed to the initial plans for a Bank for Reconstruction and Development in Eastern Europe. The capital of \$12 billion will consist of contributions by 35 participants. The main task of the bank is to finance the development of the private sector.

The heads of the governments of the 10 CEMA member countries have given themselves a 6-month period to complete fundamental changes in the operations of the CEMA.

It was announced in Brussels that until 1992 the EEC will accept no new members. The rule includes the GDR.

Premier Nikolay Ryzhkov on the CEMA: "Withdrawing from the CEMA or breaking the contacts which have been developed within it would be a mistake for every one of its members since integration among the CEMA states is a fact." "Thinking about withdrawing from the community and breaking all relations with it is tantamount to suicide." [passage omitted]

### Opinions

*Tadeusz Fiszbach, deputy marshal of the Sejm:*

(Interviewed by Jacek Mach, GLOS WYBRZEZA 16-17 December 1989)

[GLOS WYBRZEZA] If the congress offered you a place in the leadership of the new party would you agree?

[Fiszbach] I still remember the words of Adam Mickiewicz from my secondary school days in Kartuzy under my teachers Mrs. Baranowicz and Zukowska: "Whoever has entered a higher level has taken on a greater effort and so lowers himself if he does not reach higher still."

Regardless of the position I may hold, as in the past in Gdansk as first secretary of the Voivodship Committee and today in the Sejm, I shall strive to serve the people.

*Eugeniusz Kielek, chairman of the board of the Sandomierz Region of Solidarity:*

(Interviewed by Zenon Dubis, NOWINY 21 December 1989)

[Kielek] In Poland we must develop healthy rules for selecting people for leadership positions. The point is better people must replace worse ones. No other change makes sense. Professional competence must be the decisive criterium. It is impossible to change all the personnel from foreman to premier every four years after an

election. At present, we in Solidarity do not have many people who would be better than the current supervisors at all the various levels. Moreover, we have noticed that the current ones are changing. Perhaps they are not changing, perhaps they were always this way, only they did not stick their necks out with their own views.

[NOWINY] Are these changes in views and attitudes authentic?

[Kielek] I do not know. It is a fact that many hard-to-believe changes are visible. Some people today are so servile that it is embarrassing.

### Democracy Development Director on Assistance to Citizens Committees

*90EP0282B Warsaw RZECZPOSPOLITA in Polish  
21 Dec 89 p 3*

[Interview with Krzysztof Herbst, director, Foundation for the Development of Local Democracy, by W. Krawczyk: "Foundation for the Development of Local Democracy—Earning and Spending"; date and place not given; first paragraph is RZECZPOSPOLITA introduction]

[Text] Five senators and deputies from OKP [Citizens Parliamentary Club] founded the Foundation for the Development of Local Democracy in an effort to aid the citizens committee movement, which currently is undertaking activity in many spheres and which will stand for local governmental elections in June 1990. "What sort of financial help can the fund offer at this point?" I asked Krzysztof Herbst, the director of the Foundation's Office.

[Herbst] None for a few more days, because the registration procedure has not been completed. Nevertheless, we have gathered some resources. They are invested in the account of another institution and in our account of revenues, from which, however, we can not take the money until we have registered. In total we have 25 thousand dollars, nearly 2.5 million zloties, as well as a gift in the form of a computer. Soon we will receive a few thousand dollars from England and the USA from funds supporting reform in our country.

[RZECZPOSPOLITA] Donors of zloties seem to be less generous.

[Herbst] On the contrary. Hundreds of institutions and private persons want to contribute quite considerable sums, but until the account is created, which will take place at the same time as the registration, we are dissuading them from that intention, because we do not want to gather money in an outside account and complicate the financial operations.

[RZECZPOSPOLITA] There are foundations, which besides allocating money for a defined purpose, are also trying to make money by putting their capital to profitable use, so that the continuation of the chosen task would not be dependent on an irregular income. Are you trying to proceed in this way?

[Herbst] Many foundations operate differently: they invest capital, and after a certain time, take the interest to cover their expenses. In our case, however, the needs of the citizens movement are of an urgent character, and it looks like the majority of the fund's resources will immediately go to satisfy them. We have already financed the printing of educational brochures containing elementary information about local government, and soon ten to twenty more issues dedicated to these themes will appear. None the less, we want to keep a financial reserve which will allow us to earn money. We have thought about founding a bank and a publishing venture among other things.

[RZECZPOSPOLITA] Every day you receive letters and phone calls from all over with requests for help and information. How on the basis of these do you evaluate the state of consciousness regarding local self-government in our society? Are favorable attitudes toward local self-government universal in Poland?

[Herbst] Many people lack deeper knowledge of what local self-government is and how it is to work. To be sure, they know how to give aid and are ready to give it, but so far the joint independent undertaking of initiatives is not going too well for them. This reform is associated in society above all with freedom and free elections. But more rarely we realize that at the same time it has to do with a systemic solution of a rural and economic nature. During the talks, I often sensed a certain passivity, a willingness to take, but a resistance to investing capital and effort in nonindividual undertakings. This behavior does not result—fortunately—from our national character, but was learned during the 45-year reign of an imposed system. In a situation like that, it is an easy barrier to overcome.

[RZECZPOSPOLITA] Where is the self-government movement developing the best, and what regions are characterized by the least citizen activity?

[Herbst] The best is in Silesia, chiefly in [the voivodships of] Katowice and Opole as well as in Wielkopolska; the worst is in the northeastern and eastern voivodships. In recent weeks, however, one can observe that simple forms of self-government are arising and spreading rather quickly.

This interview was conducted by W. Krawczyk

The phone number of the foundation's office in Warsaw is 28-73-85. The chairman of the administration is Senator Jerzy Regulski, government plenipotentiary for reforms of territorial self-government; the deputy chairman is Deputy Walerian Panko.

### Peasant Parties 'Rebirth,' 'Solidarity' Elect New Leadership

90EP0282A Warsaw ZYCIE WARSZAWY in Polish  
22-26 Dec 89 p 2

[Article by Zdzislaw Zaryczny: "New Authorities, Old Problems"]

[Text] The newly elected authorities of the currents of the peasant movement that are at present the strongest, the Polish Peasant Party "Rebirth" and NSZZ Individual Farmers "Rural Solidarity," met in two different points of Warsaw on the same day, 21 December. One common denominator united the deliberating bodies despite all their differences on particular questions—there were not so many after all. That was dissatisfaction with the government's agricultural policy, or rather the lack of a policy, as well as a certain disappointment at the results of the Sejm's agricultural debate. Expression was given to these in the customary resolutions. Both organizations appointed new leaderships of their executive apparatuses.

And thus, the Chief Council of the Polish Peasant Party "Rebirth", deliberating in the building on Grzybowska Street, elected three deputy chairmen (the chairman is Jozef Zych). They were well known and experienced activists of the party: Aleksander Bentkowski, Dominik Ludwiczak, and Prof. Antoni Podraza. Janusz Dobrosz will be the Chief Council's secretary. A ten-person Chief Executive Committee (the eleventh member is chairman Kazimierz Olesiak) was created. Prof. Stanislaw Dabrowski and Roman Jagielinski will be entrusted with the functions of deputy chairmen, and Janusz Piechocinski with those of treasurer. It should be emphasized that all the members of the compact leadership of the Chief Executive Committee will fulfill their duties collectively. Aspiring to reorganize the apparatus as it has existed up until now, it was decided that an Executive Office of the Chief Executive Committee would be created. It will be directed by a temporary secretary, who will also be part of the Chief Executive Committee (for the time being vacant). However, two plenipotentiaries for economic activities, Stanislaw Janiak and Stanislaw Mienkowski, were appointed with the thought of filling the party coffers.

At the same time, at Father Boguslaw Bijak's house in Wilanow the National Council of NSZZ Rural Solidarity elected its own ten-person presidium, which along with chairman Gabriel Janowski will direct the union's activities. Antoni Furtak, Zygmunt Hortmanowicz, and Roman Wierzbicki—farmers without any great political experience, except for Furtak, who is a deputy [to the Sejm] and an active member of the Agricultural Section of the OKP [Citizens Parliamentary Club]—became deputy chairmen. The decision to take nominations for the positions of spokesman and director of the union office (Jacek Szymanderski resigned after Janowski won the election) was postponed until the next session.

It is worth paying attention to what the leadership of Rural Solidarity is planning next. It is preparing itself for, among other things, a meeting with Premier Tadeusz Mazowiecki, which is set for 28 December. By the way, Janowski assured the union membership's full support for the reform program—"so that the government will not stumble over agriculture and the food economy as all previous groups did, we are going to 'give it a swift kick' regarding these matters." An important bit of news was the new chairman's declaration of the apoliticalness of NSZZ Rural Solidarity and at the same time of its readiness to talk about the unification of the peasant movement with all its partners who express a similar will.

## ROMANIA

### Decrees on Farming Sector, Private Enterprise

#### 'Free Initiative' in Small Units

90EB0267A Bucharest ROMANIA LIBERA in Romanian 6 Feb 90 p 3

["Decree-Law on the Organization and Procedure of Economic Activities Based on Free Initiative"]

[Text]

### CHAPTER I

#### General Regulations

**Article 1.** With a view to better meeting consumer requirements for goods and services, efficiently utilizing raw materials and other resources—especially local resources—and improving manpower utilization, the following may be organized on the basis of free initiative:

- a) small enterprises with at the most 20 employees;
- b) working associations;
- c) family associations;
- d) services offered by individuals.

The activities listed under a-d may be organized only by Romanian residents.

**Article 2.** The state guarantees the free organization and functioning of the production and services listed under Article 1.

The above activities may be organized on the basis of a permit in keeping with the provisions of the present decree.

**Article 3.** Free initiative production and services may be organized only in accordance with legal provisions.

Law violations will be punished by monetary, civil, administrative, legal, or penal steps, as the case may be, against the person involved.

## CHAPTER II

### Free Initiative Economic Activities

#### Section I. Small Enterprises

**Article 4.** Small enterprises may be established upon the initiative of one or several persons associated for the purpose.

Persons involved in one enterprise, alone or in association, may not become involved in other enterprises.

The categories of activities for which small enterprises may be established on the basis of free initiative will be decided by the government.

**Article 5.** Workers will be employed in small enterprises on the basis of working contracts drawn up in accordance with the Labor Code. Salaries will be established by agreement between the sides.

State and cooperative employees may be hired to work outside working hours at the respective units.

Retirees may cumulate salaries and pensions.

Employees of small enterprises will enjoy the same social security rights as state employees. Contributions to social security, additional pension, and income tax will be paid by the enterprise according to legal stipulations concerning state enterprises.

**Article 6.** Employees of small enterprises are entitled to join trade unions in their area of activity.

Persons who are employed in both state units and small enterprises may select whether to join the state enterprise trade union, or the trade union cited under paragraph 1.

Similarly, employees may establish their own trade union.

**Article 7.** Small enterprises and their personnel will have the same rights and obligations as the state sector concerning professional training and labor protection. If the employee works in his own specialty, length of service regulations in the respective area will be applied.

Rules for the exploitation of the enterprise assets, the amortization of its fixed assets, and the distribution of profits will be established by the organizers upon establishment of the enterprise and may be amended only by the organizers themselves.

**Article 8.** The financial resources required by small enterprises will come from private sources, as well as bank loans granted on the basis of securities.

The size, terms, and conditions of loans and means of guaranteeing them will be decided by the Ministry of Finance and the Romanian National Bank.

Means for establishing and running small enterprises may also be secured from abroad, but only on the basis of authorization legally issued by the Ministry of Foreign Trade.

The establishment or running of small enterprises may be financed from abroad, in hard currency or lei, only according to the conditions established by the Romanian Foreign Trade Bank.

**Article 9.** County mayoralties and of Bucharest Municipality may let available space in state-owned buildings, including surrounding land, to small enterprises, if the latter do not have the necessary land to build on, if they do not intend to build, or if they are in the course of outfitting buildings or plots they hold in any form.

Facilities or plots may also be rented from private owners.

Privately owned or rental properties may be changed or outfitted for production or services only on the basis of authorization legally issued by City Hall.

**Article 10.** State or cooperative units that own available machinery, equipment, and installations may sell or rent them to small enterprises on the basis of contract, in keeping with the norms established by the Ministry of National Economy and the Ministry of Finance.

**Article 11.** Small enterprises may procure spare parts for their own equipment, tools, and accessories, raw and other materials directly from manufacturers, individuals or firms, state or cooperative units, on the basis of contract. The prices quoted in contracts will be the legal ones, or should none be available, prices will be decided by agreement between the sides.

**Article 12.** Equipment, machinery, installations, tools, devices, raw and other materials, and accessories may also be imported by small enterprises, in keeping with the regulations in force.

**Article 13.** The Ministry of National Economy and the National Commission for Small Industry and Services will establish the conditions and cases in which certain raw and other materials, fuel, and energy allocated under material budgets may be put at the disposal of small enterprises.

As a rule, resources may be allocated from budgets on the basis of cooperation contracts.

**Article 14.** Prices and tariffs for goods and services provided by small enterprises will be freely set.

Goods will be sold and services provided to state units only on the basis of written contract.

**Article 15.** The products and services of small enterprises may be exported directly or through foreign trade enterprises or foreign firms, on the basis of an export authorization legally issued.

**Article 16.** Small enterprises will be run on the basis of annual income and expenditure budgets approved by the organizers. A notarized copy of the budget will be filed with the local financial authorities.

The enterprises will keep their own books; they are obligated to publish half yearly balances in the MONITORUL OFICIAL, after they have been verified by the relevant financial bodies within 10 days.

The norms established by the Ministry of Finance will dictate regulations for income and expenditure budgets, financial bookkeeping, commercial and fiscal operations, hiring and salaries, and the drafting of the half-yearly balance.

**Article 17.** Small enterprises will keep their funds in lei in their own bank accounts. The Ministry of Finance and the National Bank will establish regulations for such accounts and set limits for current accounts in lei. The said limits will be established by bank branches with the agreement of the respective enterprise.

Funds in foreign currency will be kept only in open accounts with the Romanian Foreign Trade Bank, in the name of the enterprise.

Enterprises will receive 50 percent of amounts earned from export in lei, at the current rate of exchange, and the remaining in the respective foreign currency.

**Article 18.** Relations between enterprises and individuals or firms, as well as with legal authorities will be determined by the person who established it or, in the case of associations, by a person designated by the association. The person cited in paragraph 1 may give power of attorney to other persons. In such cases, the person who issued the power of attorney is responsible for any damage, within the limitations of the power of attorney and in agreement with the recipient of that power.

**Article 19.** The activities of small enterprises will be in keeping with the regulations of the Commercial Code, unless different provisions are established under the present decree-law.

## Section II. Working Associations

**Article 20.** Working associations may have at the most 10 members and are established on the basis of contract.

The association contract will feature:

- a) the purpose, name, and address of the association;
- b) the manner of formation of assets and of assets administration;
- c) the manner of organization, management, and functioning of the association;
- d) the distribution of profits among the associates;

e) the manner of termination and liquidation of the association.

**Article 21.** The provisions of Articles 4 paragraph 2; 5 paragraph 3; 9, 10, 11, 12, 14, 15, and 16 paragraph 2; and 19 will be appropriately applied to working associations, too.

Associates are collectively responsible for damages.

**Article 22.** Persons employed in state and cooperative units may form associations only if they do not interfere with their working schedule in the respective units.

### Section III. Family Associations

**Article 23.** Family associations may be formed among family members sharing a household.

**Article 24.** The provisions of Articles 4 paragraph 2; 5 paragraph 3; 9-11, 14, and 19 will be appropriately applied to family associations.

### Section IV. Persons Authorized To Work Independently

**Article 25.** Individuals may be authorized to carry out independent activities in the areas of manufacture or services.

Authorization for services may be issued by the relevant authorities on the basis of demonstrated skills; in the case where specific professional organizations exist in the respective area, the authorization requires their approval.

**Article 26.** Individuals authorized to work independently may also be employed in a state, cooperative, or small enterprise, if the authorization does not stipulate otherwise.

**Article 27.** The provisions of Articles 4 paragraph 2; 8-12, 14, 15, and 9 will be appropriately applied to individuals authorized to work independently.

## CHAPTER III

### Authorization Regulations

**Article 28.** Authorizations to establish small enterprises, working associations, family associations, or for independent work by individuals are issued by county mayoralties or of Bucharest Municipality.

Applications for authorization will be resolved within at the most 30 days, and the conditions established by the government for issuing such authorizations will be observed.

The name, address, and purpose of small enterprises and working associations are established under authorization. In the case of family associations and individuals working independently, authorizations will show the name of the applicant, address, and purpose.

Similarly, authorizations may also feature specific working conditions.

To obtain an authorization to establish a small enterprise or working association, entrepreneurs need prior approval from the National Commission for Small Industry and Services.

Violation of the authorization provisions or of legal regulations will be punished by at the most 15 days suspension of the right conferred under the authorization, or by withdrawal of the authorization, as the case may be.

**Article 29.** Litigations concerning refusal to issue an authorization or its withdrawal will be judged by county courts and of the Bucharest Municipality. Court appeals may be filed within at the most 10 days of the date on which the refusal or withdrawal notifications were received.

**Article 30.** Small enterprises become legal entities on the date of their registration with the financial authorities. Working association may become legal entities by registering with the financial authorities as such; registration is compulsory.

## CHAPTER IV

### Final Regulations

**Article 31.** The period of time for which employees had working contracts with small enterprises is viewed as length of service and specialization.

Similarly, time periods for which individuals were employed in working associations, family associations, or independently are also considered as length of service or specialization if contributions were made throughout this period to state social security and additional pension funds.

Organizers of small enterprises may also enjoy the provisions of paragraph 2.

**Article 32.** The Labor Code provisions concerning transfer and uninterrupted length of service in the same unit will also apply to enterprises organized in keeping with the present decree-law.

**Article 33.** Legal provisions concerning industrial property also apply to small enterprises, working associations, and individuals authorized to work independently.

**Article 34.** Income tax levels for small enterprises, working associations, family associations, and persons authorized to work independently will be established specifically according to area of activity and in relation to the social usefulness, incentive-providing, and progressive nature of the activity, the end purpose being to encourage individual and collective initiative while ensuring social justice in the area of personal income.

Regulations concerning the establishment and levels of income tax will be issued by the government.

**Article 35.** Small enterprises and working associations may join among themselves or with other units only with the approval of the National Commission for Small Industry and Services.

**Article 36.** The provisions of the present decree-law apply to contract work, too.

**Article 37.** The present decree-law will come into force 30 days from the date of its publication in the MONITORUL OFICIAL.

By the date of enactment of the decree-law, the government, the Ministry of National Economy, the Ministry of Finance, and the National Bank will hammer out the regulations listed under Articles 4 paragraph 5; 8, 10, 16, 17, 28 paragraph 2, and 34 paragraph 2. The regulations will be published in the MONITORUL OFICIAL.

On the date of enactment of the present decree-law, the Council of Ministers Decision No. 1,189 of 31 May 1968 on the administration of commercial units by mandatory employees, and any other provisions to the contrary, are abrogated.

Ion Iliescu, president of the National Salvation Front Council

#### Increased Pensions for Farmers

90EB0267B Bucharest ROMANIA LIBERA in  
Romanian 6 Feb 90 p 3

["Decree on Raising Pensions and Other Social Security Rights for Agricultural Cooperative Members"]

[Text]

**Article 1.** As of 1 February 1990, age, disability, and survivor pensions for agricultural cooperative members are raised as follows:

- A) pensions between 60-400 lei are raised to 500 lei monthly;
- B) between 401-500 lei, to 600 lei monthly;
- C) between 501-600 lei, to 700 lei monthly;
- D) between 601-700 lei, to 800 lei monthly;
- E) between 701-800 lei, to 900 lei monthly;
- F) between 801-900 lei, to 1,000 lei monthly;
- G) between 901-1,000 lei, to 1,100 lei monthly;
- H) between 1,001-1,100 lei, to 1,200 lei monthly;
- I) pensions over 1,100 lei are raised to 1,300 lei monthly.

**Article 2.** Children allowances for agricultural cooperative members are raised as follows:

- A) for the first child, from 100 to 300 lei monthly;
- B) for the second child, from 100 to 350 lei monthly;
- C) for the third child, from 200 to 430 lei monthly;
- D) for the fourth and additional children, from 300 to 500 lei monthly each.

These allowances are allocated to cooperative members who are not entitled to state allowances for children, on

condition that one of the parents fulfills the labor volume specified by the cooperative's general assembly.

**Article 3.** Working cooperative members and agricultural cooperative retirees are entitled to spa treatment and vacations at units belonging to the Union of Agricultural Cooperatives; 70 percent of the cost will be borne from the pensions and social security fund, and 30 percent by the respective members.

Agricultural cooperatives that have the necessary funds may cover—partially or entirely—the 30 percent share of the cost of the treatment or holiday incumbent on the members.

**Article 4.** Working agricultural cooperative members, cooperative retirees, and their family members are entitled to free treatment and drugs during hospitalization in facilities belonging to the Health Ministry.

**Article 5.** Employment in the livestock sector of agricultural cooperative units up to the starting date of work contracts for cooperative members according to Article 7 of Decree-Law 43/1990, is recognized as length of service for the purpose of state social security pensions.

**Article 6.** An Autonomous Pension and Social Security Fund [APSSFF] for Farmers will be established within the Union of Agricultural Cooperatives and will have its own statute.

The APSSFF will carry out all operations—as envisaged in its own statute—concerning the formation and administration of pension funds and other social security rights for agricultural cooperative members and individual farmers, and will establish and allocate those rights.

**Article 7.** Affairs concerning pensions and social security for the peasantry are transferred from the Ministry of Labor and Social Welfare to the Union of Agricultural Cooperatives—APSSFF. The transfer and reception will proceed legally, on the basis of balance sheets.

Employees involved in activities transferred from the Ministry of Labor and Social Welfare and its county offices will consider themselves on office transfer; their salary fund and other rights are also transferred from the Ministry of Labor and Social Welfare to the Union of Agricultural Cooperatives.

The Ministry of Finance and the Ministry of National Economy will make the necessary amendments concerning the salary fund and the number of personnel affected.

**Article 8.** Within 60 days of the issue of the present decree-law, the Union of Agricultural Cooperatives will advance proposals to uniformly regulate pensions and other social security rights for agricultural cooperative members and individual farmers, on the basis of principles similar to the ones used in the state social security system.

The funds required to increase pensions and other social security rights in keeping with the provisions of the present decree-law will be secured from pension and other social security funds of the agricultural cooperatives, formed in accordance with Law No. 4/1977.

**Article 9.** Article 138 letters B and D of the Finance Law No. 9-1972 are amended to read as follows:

B) "payments for cash payments for labor and other afferent rights, and contributions to the APSSFF;"

D) "payments for goods, work, and services delivered, and insurance premiums."

**Article 10.** Article 7 of Law No. 4/1977; Articles 16 and 17 of Decree No. 410/1985; Article 8 of Decree No. 247/1977 concerning [?medical] treatment units of the Union of Agricultural Cooperatives and any other regulations to the contrary, are abrogated.

Ion Iliescu, president of the National Salvation Front Council

#### Land Incentives for Farmers

90EB0267C Bucharest ADEVARUL in Romanian  
1 Feb 90 p 5

["Decree-Law Regarding Incentives for Farmers"]

[Text] The National Salvation Front Council decrees:

**Article 1.** The general meetings of agricultural cooperatives in hilly-mountain areas and urban outskirts are entitled to assign arable land and hayfields to cooperative members in the respective communes or villages for long-term use.

Vineyards or fruit orchards may also be assigned.

Land plots will be assigned to individuals who work and obtain good yields without needing to hire help.

Land plots and hayfields may be assigned after delineating the areas required to supply fodder for the livestock left in agricultural cooperatives after the cooperation ventures envisaged in Article 2.

**Article 2.** The general assemblies of agricultural cooperative in hilly-mountain areas and urban outskirts may organize cooperation ventures, on the basis of contract, with cooperative members wishing to take over and raise livestock. The latter will deliver the products and young established to specialized contracting units on behalf of the cooperative with which they have the cooperation contract.

The contracting unit will pay for the products of the agricultural cooperative with which it has a delivery contract to the state fund.

The conditions, advantages, rights, and obligations involved in the cooperation venture will be established by agreements between the contracting sides.

Similarly, cooperative members may organize in free associations to use the buildings, stables, and other available facilities of the agricultural cooperatives, with the latter's accord.

Livestock that is not taken over under such cooperation ventures or cannot be maintained by the cooperative may be sold by the latter at legal prices to other agricultural units or to cooperative members who pledge to pay for them in products or young.

**Article 3.** The pasture fields belonging to agricultural cooperatives in hilly-mountain areas and urban outskirts will be used as communal pastures.

**Article 4.** The general assembly or agricultural cooperatives in the other areas may assign arable lots of up to 5,000 square meters or the agricultural equivalent to each cooperative member of retiree, mechanics, or other workers of agricultural machinery stations, on condition that the latter continue to deliver the work or mechanized operations established to the cooperative.

In keeping with the conditions stipulated in the above paragraph, the general assemblies may also assign such land to individuals who desire to return to villages and become cooperative members.

The general assemblies of agricultural cooperatives throughout the country may also assign up to 7,500 square meters of arable land per family to other categories of non-cooperative members residing in the commune or in neighboring villages and towns, on the conditions that they cultivate the land properly and pay the cooperative an annual tax established by the general assembly.

The size of the tax will reflect the quality and potential of the land assigned.

To ensure that crop rotation is observed and that disease and pests are properly combated, the fields assigned under the present decree will always be located in compact areas within the precinct of the village.

**Article 5.** State agricultural units may assign to their permanent workers arable fields of up to 5,000 square meters from their own land. Workers who reside in other localities can receive plots as stipulated from the state or cooperative agricultural units in the area where they live and with the latter's approval, provided they fulfill their own work duties in the units in which they are employed.

**Article 6.** Agricultural cooperatives that have assigned arable land and hayfields for long-term use according to Article 1, and that will remain active through cooperation ventures in livestock, small industry, marketing, and other areas, will be managed by a chairman elected by the general assembly of cooperative members, who will be paid out of the cooperative's income, and by agricultural experts and a chief accountant, paid by the state.

**Article 7.** Persons assigned land according to the present Decree-law, who do not properly cultivate it or who use it for purposes other than farming, will forfeit their right to the land; the decision along this line is made by the generally assembly of the agricultural cooperative or the management of the respective state agricultural unit, as the case may be.

**Article 8.** The land on which houses and household buildings stand, and the yard and garden around them, located in cooperative areas, are the private property of the holders, and may be sold or bequeathed.

The land cited in paragraph 1, together with the plot that may be assigned to a cooperative member for use according to Article 4, may not exceed an area of 6,000 square meters per house owner.

**Article 9.** Holders or owners of agricultural land are free to sell the produce obtained on it, without a market list price, including livestock, poultry, and animal produce, both on the market and on the basis of contracts signed with specialized units, in mutually advantageous conditions.

Producers who are in cooperation ventures with agricultural cooperative units may freely sell, without list price, the produce due to them from such ventures.

**Article 10.** Through its agricultural machinery stations and other units belonging to it, the state will assist all farm land holders by performing mechanized operations, for which it will be paid in cash and in kind.

At the same time, specialized units will help farmers procure seed, seedlings, fertilizer, pesticides and herbicides, stud and insemination material, fodder, household implements, etc., and technical assistance. Payment for mechanical work, materials, and equipment, will be made in kind and cash, at the price and tariffs established according to the law by the competent authorities.

**Article 11.** Agricultural machinery stations and other state agricultural units may auction off to private farmers tractors and other agricultural equipment for which the normal service period has elapsed.

**Article 12.** Any regulations contrary to the present Decree-law are abrogated.

Ion Iliescu, president of the National Salvation Front Council

#### Incentives for Farm Units

90EB0267D Bucharest ADEVARUL in Romanian  
2 Feb 90 p 2

["Decree-Law on Measures To Provide Incentives for Farmers and for the Economic Activities of State and Cooperative Agricultural Units"]

[Text] **Article 1.** The agricultural units will finance their production from income derived from selling produce to the state on the basis of contracts, at prices reflecting

production costs and ensuring normal profitability, and from selling produce on the market and through their own stores, as well as from services.

**Article 2.** Within 30 days of the present decree, the Ministry of Agriculture and Food Industry, together with the Ministry of Finance and the Union of Agricultural Cooperatives, in extensive consultation with agricultural producers, will present for approval new contract and purchase prices according to areas, as well as other incentives that will be granted to all the categories of agricultural producers for produce delivered to state stocks.

The new prices, set according to paragraph 1, will come into force as of 1 January 1990.

**Article 3.** As of 1990, investments and expenses incurred in the national interest by state and cooperative agricultural units and by private producers for agricultural, livestock, and veterinary purposes and for land amelioration—including the exploitation and maintenance of such projects—antiflood and antifreeze projects, environmental protection, basic research, and soil recovery will be financed from the state budget.

Incomes secured by state agricultural units from production and services established by the Ministry of Agriculture and Food Industry together with the Finance Ministry, will be paid into the state budget.

**Article 4.** Payment for work in agricultural cooperative units will be determined by the general assemblies on the basis of labor norms and tariffs established by them in consultation with the Ministry of Agriculture and Food Industry and the Union of Agricultural Cooperatives, ensuring levels similar to those of state agricultural workers in the same conditions of productivity and equipment.

Salaries similar to those in state agriculture will also be established for managerial, technical, economic, administrative, and service personnel in cooperative agricultural units.

The Ministry of Agriculture and Food Industry, together with the Ministry of Labor and Social Welfare and the Union of Agricultural Cooperatives will establish uniform tariffs for the agricultural sector, in correlation with the other branches of the national economy and in keeping with the complexity of the work and working conditions.

**Article 5.** Personnel permanently employed in state agricultural units, who did not request a plot for personal use, and seasonal workers who work more than 60 days a year in a unit, may receive produce totaling up to 10 percent of their earnings, at contract price.

**Article 6.** Payment for agricultural and other operations and for services rendered by agricultural machinery stations [AMS] and other state units to agricultural cooperative and other units and to private farmers will be made in full, in kind and in cash, in keeping with the

volume and category of work done, according to the tariffs in force and the legal pay schedule.

Mechanics will be paid for mechanized operations in full and in relation with the volume and quality of the work performed, according to salary tariffs for various categories of complexity, after acceptance of the work.

The personnel of state and cooperative agricultural units and other persons who work on holidays and weekends will be paid 50 percent more for work done on such days.

**Article 7.** To provide incentives for and stabilize the labor force in the livestock sector, cooperative members and other workers employed in agricultural cooperative units in that sector will be hired with work contracts for indeterminate periods of time, on the basis of attested skills in their respective areas.

Persons hired on the basis of work contracts in keeping with paragraph 1 will be entitled to pensions in the same conditions as the personnel of state units.

**Article 8.** To assist agricultural cooperatives, agricultural experts, legal advisers, and other professional cadres, as well as chief accountants employed in agricultural cooperatives will be hired by the general directorates for agriculture and food industry; their salaries and other legal rights will be paid out of the state budget.

**Article 9.** Children allowances for cooperative members and state children allowances for the personnel employed in agricultural cooperative units and state agricultural and food industry units located in rural areas, will be the same as those established for urban workers.

**Article 10.** The Bank for Agriculture and Food Industry will grant loans—on the basis of substantiated applications—to agricultural cooperative units, state units, and private producers to supplement their own funds, to finance vegetable and livestock production, small industry, and services.

**Article 11.** A special insurance fund will be formed to cover the ill effects of natural factors on vegetable and livestock production; state and cooperative agricultural units will participate to the fund, which will be administered according to the law. The state will also participate to the fund in the case of natural disasters.

**Article 12.** Investments and capital repairs in state and cooperative agriculture and in the food industry will be financed out of the units' own funds, state loans, and budget allocations.

Private producers will finance investments out of their own funds, state loans, and loans received from credit cooperatives.

**Article 13.** State agricultural units and AMS that were joined in accordance with Decree-law No. 220/1989 will

maintain the same name, location, organizational grade, subordination, and organizational structure as before the adoption of this decree.

The assets and debts established on the basis of balance sheets dated 31 December 1989, the indexes concerning economic and financial activities, and contracts signed for 1990 will be transferred in accordance with legal procedures.

Within 30 days of the date of the present decree, the Ministry of Agriculture and Food Industry will present proposals to reorganize certain state agricultural units designed to increase their efficiency.

**Article 14.** The provisions concerning the establishment and functioning of joint agroindustrial state and cooperative councils and any other regulations concerning those councils, are abrogated.

The general directorates for agriculture and food industry will secure jobs with county agricultural units for the personnel of the former joint agroindustrial councils in keeping with their qualifications.

Chief economists will be assigned by the Ministry of Agriculture and Food Industry and the Bank for Agriculture and Food Industry to the general directorates for agriculture and food industry and to branches of the Bank for Agriculture and Food Industry. The same procedure will apply to the fleet of vehicles and drivers of the above councils.

Each AMS will institute a slot for a chief agronomist; the directorate for agriculture and food industry will create slots for a specialized inspector (or inspector general) for economic, financial, and legal issues, or for a (main) legal adviser.

**Article 15.** The personnel transferred as a result of the present decree-law is viewed as transferred on the job; personnel transferred to lower paid jobs will draw the same salary as before for a period of three months.

**Article 16.** Debts for production loans and unpaid cash advances, including loans taken out to pay suppliers on an exchange basis, given to agricultural cooperative units, and the interest due on them for 1989 and previously, totaling 57 million lei, are canceled and will be covered from the budget surplus of previous years. Similarly, previous years' budget surplus will also be used to cover the sums required to pay for deductions in 1989, totaling 5 billion lei, established under Article 2 of Decree-law No. 35-1990.

Investment credits granted to agricultural cooperative units and due by 31 December 1989, including interest, totaling 550 million lei, are canceled and will be covered out of the budget surplus of previous years.

**Article 17.** Circulating cash losses recorded in 1989 and in previous years, as well as other amounts not paid, including fines and the interest due on them, incurred by

state agricultural and food industry units, will be financially settled when the balance sheet is drawn for the national economic and financial activities carried out in 1989. Until the financial settlement of those losses and debts, interest and fines will not be applied as of 1 January 1990, and the Bank for Agriculture and Food Industry will finance the activities of state agricultural and food industry units within the framework of the funds envisaged under quarterly credit plans for 1990.

**Article 18.** Regarding agricultural cooperative units, amounts not paid into the pension fund, social security fund, and the state budget and the fines due for them for 1989 and previous years, totaling 42.6 billion lei, will be canceled and erased from the records of those bodies and of other creditor institutions.

**Article 19.** State agricultural and food industry units and agricultural cooperative units are relieved of the need to pay fines for non-payment of bills on time, and fines and damages for not executing economic contracts for 1989 and previous years.

**Article 20.** Payments due by cooperative members and other personnel employed in state and cooperative agricultural and food industry units as a result of the establishment of overall salary rights at the end of previous years, will not be pursued.

Similarly, the debts of cooperative members and other personnel of agricultural cooperative units and other persons, stemming from failure to implement statute provisions concerning the holding of agricultural land, will no longer be pursued.

**Article 21.** Tractors, automatic combines, agricultural machinery, and other equipment belonging to AMS and lent to state agricultural units will be transferred to the latter as of 1 January 1990.

**Article 22.** Any regulations contrary to the present decree-law are abrogated.

Ion Iliescu, president of the National Salvation Front Council

### **Contract, Purchase Prices for Farm Products Increased**

27000004P Bucharest ADEVARUL in Romanian  
13 Feb 90 pp 1, 3

["Decree Increasing Contract and Purchase Prices and Giving Advantages to Agricultural Producers"]

[Text] In order to give agricultural producers an incentive for increasing vegetable and animal production and to increase their income by delivering the largest possible quantity of products needed to satisfy the requirements of the population and of the national economy,

### **The Council of the National Salvation Front Decrees:**

**Article 1.** The contract and purchase prices and the advantages given to private agricultural producers, cooperative members, and state and cooperative agricultural units for delivering vegetables and animal products, as well as fowl and live animals, to the state supply are set in Attachments 1-19.

**Article 2.** The prices of seeds, seeding material, breeding and work animals, as well as the prices of other agricultural products for which contract and purchase prices are not established by the present decree-law, are set by the Ministry of Agriculture, the Ministry of Food Industry, and the Union of Agricultural Cooperatives with the agreement of the Ministry of Finance.

The contract and delivery prices for vegetable and animal products and their subproducts which are delivered among the agricultural state units, the food industry, and the cooperative units, as well as between these units and private producers, for the purpose of production, are set by the Ministry of Agriculture and the Ministry of Food Industry, together with the Union of Agricultural Cooperatives, on a case-by-case basis.

**Article 3.** The prices of vegetable products, animals, and fowl and animal subproducts will be calculated on producer delivery prices, based on their modes of transportation.

**Article 4.** The retail prices of agricultural and industrial products obtained by processing agricultural raw materials—sold through the state and cooperative trade network—which are in effect as of the date of the present decree-law, remain unchanged.

**Article 5.** The differences between the new contract and purchase prices approved by the present decree-law and those in force up to 31 December 1989 for vegetable and animal products are financed, for 1990, from the state budget.

The Ministry of the National Economy and the Ministry of Finance are authorized to introduce changes in the economic indicators and in the state budget for 1990 based on the results from the application of the present decree-law. [These changes will be based] on the proposals of the Ministry of Agriculture and the Ministry of Food Industry and other relevant ministries, and presented within 30 days of the date of the present decree-law.

**Article 6.** The contract and purchase prices set by the present decree-law apply as of 1 January 1990.

**Article 7.** The Ministry of Agriculture, the Ministry of Food Industry, the Ministry of Light Industry, the Ministry of the Chemical and Petrochemical Industry, and the other ministries benefiting from agricultural products, together with the Ministry of the National Economy and the Ministry of Finance, will present, by 31 October 1990, proposals for new production and delivery prices for food products and non-food products

resulting from the processing of agricultural products. These proposals will be based on the new contract and purchase prices, the reform measures for the improvement of production processes, manufacturing technologies, and [the efforts to] perfect economic flow.

**Article 8.** Regulations dealing with the conditions and criteria for making and implementing delivery contracts for vegetable and animal products, as well as for fowl and live animals, set by Decree No. 69/1984 and Decree No. 70/1984, remain in force.

**Article 9.** Attachments 1-19 are an integral part of the present decree-law.

**Article 10.** Any regulations contrary to the present decree-law are abrogated.

Finally, the disgraceful price system which has bankrupted agricultural industry and the peasants has been abolished. Not only the peasants, but all of the agricultural sector were sacrificed in the name of false national interests; agriculture was reduced to poverty. In the year of "the highest yields in the history of the country", Romanian agriculture had losses amounting to more than 32 billion lei, while only two of its direct beneficiaries deposited about 50 million lei in the state budget. The great majority of the profits were achieved by robbing the agricultural workers. The peasant, who provides the bread and all the things which are vitally necessary to feed the people, arrived at the deplorable situation of not being compensated, in some cases, by even half the price which the legion of intermediaries between producers and consumers put in their pockets. This was a serious and corrupt anomaly in the economic mechanism—a term which the terrible imposters which created it had the impudence to coin.

The price which agriculture had to pay for the industrialization of the country was very dear. But this substantial effort pales in the face of the immense damage to agriculture caused by those sick minds which obstructed so shamefully the possibilities for progress. This truth—and not those illusions trumpeted by the mouth or pen of some who do not know, or act as if they do not know, the current situation of Romanian villages—was the point of departure of the new governmental bodies when they established the essential directions for the agricultural reform program. The agricultural units were given back their autonomy and the right to decide on all problems related to the management of their resources.

Reconsidering the place and role of the small producer, material conditions have been assured for helping the immense mass of consumers prosper. With the legislation of a new and high-incentive price system for all agricultural products, one can state that this is the first time in 40 years that agriculture truly has an opportunity to develop on the basis of its own resources and financial earnings. According to the new regulations, the current contract and purchase prices are, on the average, 40 percent higher than those paid to farmers last year. Naturally, the largest price increases were for animal

products, especially milk and meat, products for which the current delivery prices will ensure—under normal production conditions—an average profitability of about 25 percent. The same can be achieved in the case of vegetable products. In the opinion of specialists, compared to the average prices paid in 1989, the new prices will have a positive effect on financial results throughout the agricultural sector, amounting to more than 34 billion lei. Consider this figure in comparison to the level of yields recorded last year, especially in animal husbandry, in which, as we know, the level for production was among the lowest in the entire history of this sector.

The truth is that, for many products, the level of current prices exceeds even the most optimistic hopes of the farmers. First of all, it should be understood that these price increases must be matched by more work and better organized work. No matter how great the effects of the price increases might be as incentives, this cannot be the measure for resolving the great problems of our agriculture. In addition, under conditions of improper activity, high and uncontrolled prices lead to inflation; in addition, small yields generate losses. Under conditions in which the question of increasing prices paid by consumers has not been raised and is not being raised, all agricultural resources should be used efficiently everywhere. Efficiency in agriculture means, above all, high yields. More than in the past, it is necessary to act wisely and clearly to eliminate those extra costs which unallowably increase the prices, as well as those flagrant inconsistencies which still exist in the system of producing and utilizing different products.

#### **Decision on Management of Economic Activity**

*90EB0274A Bucharest ADEVARUL in Romanian  
10 Feb 90 p 3*

["Government Decision on Measures Concerning Economic Management"]

[Text] In accordance with the provisions of Decree-Law No. 10/1989 on the formation, organization, and functioning of Romania's Government, and taking into account the need to strengthen stability in economic management,

The Romanian Government decided:

**Article 1.** To stabilize and increase production efficiency, the managements of enterprises, institutes, and other economic units that exist on the date of the present decision, will remain in place.

Subsequent managerial changes may be carried out only by a body higher up in the hierarchy.

**Article 2.** Until new regulations are issued on the management of enterprises, centrals, and ministries, the following bodies are established in accordance with current requirements:

a) Administrative councils in industrial enterprises and centrals, made up of seven to 11 persons: a director-director general-chairman, a technical director, a commercial director, two representatives of the working people, a chief engineer, a chief accountant, the heads of the major sections or departments appointed by a body higher up in the hierarchy, and a legal adviser.

b) Scientific councils in research and design institutes and centers, made up of seven to 11 persons: a director-chairman, a deputy director for science, technical deputy director, two representatives of the working people, a secretary for science, a chief accountant, the heads of the major research and design sections, workshops, and labs, appointed by a body higher up in the hierarchy, and a legal adviser.

c) In ministries:

Administrative councils made up of 19-25 persons, as operational working bodies: a minister-chairman, the deputy ministers, the directors of the specialized directorates of the ministry, the directors general of industrial centrals, the director general of the Central Institute, and a legal adviser.

Managerial boards made up of 41-47 persons: a minister-chairman, members of the Administrative Council, seven representatives of the working people, the directors of the main industrial enterprises, foreign trade enterprises, research and design institutes, and representatives of the relevant institutes of higher education.

**Article 3.** Regarding vacant positions in the management of economic units—such as for technical director, commercial director, chief engineer, chief accountant, and plant managers—the management of the hierarchically superior body will appoint acting stand-ins until the positions are filled.

Persons released from positions may not be appointed as acting officials in managerial positions of the respective economic units.

**Article 4.** In view of the greater rights and responsibilities inherent in the principle of autonomy, the administrative councils will provide operational management and will take measures to:

ensure ongoing production, research, and development activities for the present and future; enhance efficiency and ensure profitability; permit only investments that are efficient; protect the technological and computerized equipment of the unit; ensure payment of salaries and workers' training and placement; release and appoint hierarchically lower cadres; improve the personnel's working and living conditions; hammer out and approve bylaws concerning organization and running, labor norms and regulations, and collective work contracts.

**Article 5.** The administrative councils will take the necessary measures to avoid production losses and work disruptions in the various units—enterprises, institutes,

etc.—caused by activities that do not directly pertain to the production process and that may be carried out only outside working hours.

**Article 6.** The specific role of the trade unions is to represent the economic and social interests of the employees.

Prime Minister Petre Roman

### Decree-Law on Early Retirements

90EB0274B Bucharest ADEVARUL in Romanian  
9 Feb 90 p 3

["Decree-Law on Early Retirement for Certain Employees"]

[Text] The National Salvation Front Council decrees:

**Article 1.** Employees who have worked the required number of years may request to retire up to two years before the legal retirement age.

**Article 2.** Employees who have worked the required number of years may request to retire up to four years before the legal retirement age in the following situations:

—for health reasons, on the basis of medical certification, without having to be disabled;

—if the respective unit management, with the agreement of the working collective, deems that the request is well founded and that the employee's productivity is low.

**Article 3.** Employees who have greater length of service than the minimum number of years legally envisaged may request to retire before the age of 60 for men and 55 for women. In such cases, the retirement age is lowered by the number of years by which length of service was exceeded, but not to less than age 55 for men and 50 for women.

**Article 4.** Employees who have at least 10 years of service and membership in social security may be retired, upon request, at age 60 for men and 55 for women.

**Article 5.** (1) Persons retired in accordance with the present decree-law will have their pension suspended for as long as they draw an income from a salaried job, as members of an artisans' cooperative, or from a private enterprise, except for agricultural production.

(2) In cases such as the ones cited in paragraph 1, within 15 days of resumed work, retirees are obligated to apprise the pension fund of the new situation, so that pension payments can be stopped.

(3) The provisions of paragraphs 1 and 2 apply to men under the age of 60 and women under 55.

**Article 6.** On the basis of documentation presented by plan holders for the implementation of the provisions of

the present decree-law, the Ministry of Finance is authorized to amend accordingly the financial indexes envisaged for 1990.

**Article 7.** The number of positions at regional pension offices is increased by four positions for each office.

**Article 8.** The present decree-law will come into effect on 1 March 1990 and will be implemented for a period of six months, with the exception of article 7.

## YUGOSLAVIA

### Writer Deplores Policies of 'Yugoslav Ceausescu'

90EB0179A Zagreb DANAS in Serbo-Croatian  
26 Dec 89 p 12

[Article by Jelena Lovric: "On the Trash Heap of History"]

[Text] Are the thousands of corpses in the streets of a country close to ours in more ways than geography the last blow from the tail of the monster in the throes of death, or has the bloody circle from Tiananmen to Timisoara—which are less than a year apart—not yet been closed, threatening to catch up someone else in the maelstrom of human bodies and tank tracks crushing them in the name of the liberation of man? The man who just a few days ago was euphorically applauded in a country with closed borders and an enslaved mind and a regime which is ready, out of incomprehensible insanity and a heedlessness equivalent to bestiality, to pay for its own perpetuation by massacring people, which leaves those whom it has shot without medical aid by way of cruel punishment, and which hauls away large numbers of dead rebels in garbage trucks or does not manage to remove them even in that fashion—must end up on the trash heap of history.

In its departure, as it collapses in upon itself, that system is perhaps showing its true face more now than ever before: It will stop at nothing, it asks not the cost, it takes its own bloody tribute, leaving behind it scorched earth, poisoned water, and civil war.

In a form that moves one to tears and to bewilderment, yet another massacre in the name of socialism is demonstrating precisely how inevitable its change has become, regardless of whether it is called its death or its reform, regardless of whether one thinks that a new socialism will be borne from its ashes, or a new civilization which has only indirect ties to it. The longer those changes are delayed, and the greater the resistance to them—the more traumatic and bloody the form they take. It seems that every existing socialism must go through a kind of hell of human misfortune and its own catharsis, uncertain as to its outcome. History is marching through Eastern Europe with a dramatic step. Wherever the leading political forces realize in time the inevitability of the changes, they are carried out more easily, regardless of whether they are proclaimed the end

of socialism or possibly its true beginning. That revolution is going to take place, either with those who stand at the head of society or in spite of them. But their bloody course can be prevented if they bend in that direction, if they lead them. Probably it can already be said at this point that the democratic changes of what was only called socialism are an inevitability of the course of history, but those who cherish prosperity certainly cannot be indifferent about their taking place in the most peaceful and painless manner.

In the countries where socialism was imported on tank tracks, it is much easier today to throw out what was imposed. Wherever there was an authentic revolution, and wherever the Communist Party had historic achievements to its credit—even if in the first elections after the war, when it had the greatest chance to get democratic legitimacy, it let it slip—abandonment of what was one's own choice is much more difficult and traumatic. Not only because of the still rather resilient awareness that power which has once been taken through struggle is not given up without a struggle. Even those who know that a bloody price that has once been paid does not signify a perpetual subscription to power have difficult reconciling themselves emotionally to this fact. Will it mean that even on this soil the changes which are an inevitability and which are only a matter of time will occur with that same death rattle of power defending itself at every price, much as occurred in Romania? Except that there it was the power of a tyrant that was being defended, while here it is now being felt as the tyranny of a party, and that even though objectivity does not deny it historic achievements. If the leading forces of this society do not stand unreservedly on the side of progressive changes, economic and political liberalization, then even in our context there could be a conflict between those who are on the side of progress and those who are objectively on the side of regression, and given our problematical and complicated relations, this could easily be portrayed as a conflict of nationality against nationality.

We are horrified by what is happening in neighboring countries, astonished by the heedlessness of a Stalinist system and the sufferings of the people it has ground under, as though we have been intentionally repressing the fact that this year some 30 people have died in the actions of the state in this country, that in the past months even in this country the system has been shooting at people as it defended itself under circumstances which have not been altogether clarified, and that there should have been the courage to speak with piety about the children that were victims. As though we are forgetting that aside from Romania we are the only country in Europe with a state of emergency, with political trials, with a large number of political prisoners, with tear gas in the streets, as though we are intentionally closing our eyes to the penetration of a form of neo-Stalinism. The only difference is that our Ceausescu is still loved. The applause of the Yugoslav Ceausescu from behind the closed doors of a republic is still echoing from a congress in which anachronistic assessments of counterrevolution were bandied about, at which

democratic changes were rejected, at which the multiparty system was rejected—though, of course, it is not the only pledge of democracy, at this point it is the threshold that must be crossed if we are to be able to talk about democracy at all. It is only under our complicated and entangled circumstances that it is possible for the spokesmen of political conservatism, who are not ready to undergo the test of a multiparty system, to be perceived as spokesmen of freedom and democracy. Everywhere in the world of dying socialism people are seeking a multiparty system, seeing it as the only hope that the potential of society that has been enslaved up to now will be liberated after the oppression of "one-mindedness." Except that in our country those who are the representatives of political rigidity and who proclaim the multiparty system a betrayal of orthodox Communists are proclaimed liberators. It is an irony of history that in our country today, while the Berlin walls of socialism are coming down on all sides, the people is being used to build those walls.

We must be aware that those who are driving it crazy and manipulating it in that way, just as in Romania, will stop at nothing. They know, after all, that they are defending not only their power, but probably much more. Those who have initiated the political processes know that should they fall, the same treatment may be applied to them. That is why they will do everything to see that that moment does not come. They are ready to pay any price for that. With the lives of others, of course. It will take much more decisiveness and courage, then, for certain painful truths to be stated openly. For example, that neo-Stalinism has today put Kosovo further away from a resolution of its crisis and brought the entire country within the range of civil war. The dogmatic forces cannot lose so long as salt continues to be thrown, as it is now, on the open wound of Kosovo. The silence about this cannot go on any longer. The message of Romania is so terrible that all opportunism and fear of frank and open speech must yield to it.

## INTRABLOC AFFAIRS

**Central European Common Market Advocated**

90EP0338A Warsaw POLITYKA-EKSPORT-IMPORT  
in Polish No 2 (3), 20 Jan 90 p 17

[Article by Jerzy Baczynski: "In Place of a Brotherhood: Is a Central European Common Market Possible?"; article was written prior to the 45th CEMA Session in Sofia]

[Text] Who would have guessed that the system of real socialism would collapse over the course of a few months? Things happened so fast that today, somewhat unawares, we have found ourselves in a totally new geopolitical and economic situation. Back in the spring, after the roundtable deliberations, it seemed that Poland and Hungary would long remain isolated in their risky attempts to build a new system. Then, when the first noncommunist government went into power in Poland, I was afraid of sanctions and sabotage from our law-abiding CEMA brothers. Let us recall who was in power then in the GDR, in Czechoslovakia, Bulgaria and Romania. In such company we could not even dream of adopting the Polish drafts for reforming CEMA, or of a closer economic alliance with our neighbors. And suddenly everything is turned around: in Czechoslovakia, a personal friend of Jacek Kuron has assumed the office of president, the new premier of Romania is cutting himself off from all ties with the communist party; in Bulgaria, Todor Zhivkov, the "fox of the Balkans," is expected to come before the courts, and E. Honecker, CEMA's defender, has been thrown out of the party... For the first time, the possibility of a new, real integration of Central Europe has been manifested.

Several times in the past year we have written in POLITYKA of covert and overt conflicts between the countries of our camp: tariff wars, the harassment of tourists, ecological quarrels, national minorities issues, the disregard of economic agreements and, finally, growing ideological and political enmity. The walls of mutual ill will, disdain and feeling out of place had arisen between "brother states." These ill feelings, still fresh, have been somewhat stifled in the euphoria of joint liberation—but only somewhat. Our attitude to the other nations of this region continues to be full of inconsistencies. Suddenly we have taken a fancy to the courageous Romanians, we regard the Czechs and the Slovaks with a wait-and-see sort of reserve, for a brief period we befriended the people of the GDR, only to become all the more aware of their shocking anti-Polish campaign clearly steered by the new-old government. The Bulgarians were always distant, and so the gentle changes in that country do not arouse any special emotions in us. The Hungarians have played something of a dirty trick on us by seeking an alliance with Austria and competing with us for help from the West. And so now we are faced with a fundamental question: does the breakup of the camp have to signify the deepening of the differences that divide us,

will every country go its own way or, on the contrary, will some sort of new community arise on CEMA's ruins?

Several months ago I read a statement made by Zbigniew Brzezinski in which he suggested that Polish foreign and economic policy should prepare for an alliance, and even a union, with Czechoslovakia and the Hungarians, perhaps even with the participation of the GDR. At that time this seemed totally unrealistic. But today? Today it is at least something to consider. And so let us consider it...

Whether we like it or not, in the past 40 years we have become mutually dependent economically. Approximately 60 percent of the foreign trade of CEMA countries is transacted between them. Obviously this is primarily a consequence of strong ties with the USSR, but trade between the "lesser brothers" also reaches 20-25 percent of their trade turnovers. What's more, we shall still be doomed to each other for a long time to come because in each of our countries an economic "Central European sector" has been created to produce goods for the local needs of partners, items which are, practically speaking, unsalable in the West. Moreover, due to the nonconvertible currencies, we must take advantage of mutual deliveries of raw materials and semi-finished products. Besides, regardless of how low we assess the degree of integration within the CEMA framework, over the years we have woven a net of various trade, coproduction and personal ties—it makes no difference whether these ties have been desired or imposed.

The most important thing is that the states of the former CEMA (this organization can no longer function as before) are finding themselves on a similar level of economic development (or the lack thereof). If we look out from the center, it is easy to observe basic differences between Poland and Czechoslovakia or the GDR, for example. On the other hand, from the West European perspective, for example, we look the same because we are separated by the same technological and organizational distance. True, the Czechs have better industrial traditions, the Hungarians have a decent infrastructure, the GDR has the Germans as well as the FRG, Poland is the most advanced in the building of a market system and Romania's debts are paid, but in sum none of these countries has developed enough to aspire to the role of equal partnership in the West European community. Thus, Jacques Delors, chairman of the EEC Commission, invented the theory of the "Europe of Concentric Circles": the first circle is the new Western Europe integrated after 1992; the second is the developed states that, however, want to preserve their separate identities (Scandinavia, Switzerland, Austria and perhaps Great Britain); the third is the associated states (primarily former European colonies and Yugoslavia); we—Central Europe—are the fourth circle; in the fifth circle would be the Soviet Union... Our fourth circle would constitute a sort of waiting room to Europe. As we progress democratically and in the restructuring of economic systems, we could advance to the group of associated states, then to the EFTA and finally to the Common Market.

While this is an ostensibly tempting concept, it is largely unrealistic. Mere association with the EEC requires the unanimous agreement of all the member countries. This is not to be expected, since the states of Southern Europe (Greece, Portugal, Spain, Italy and, in time, Turkey, which is waiting to be accepted into the EEC) may fear the competition of newcomers, both for economic assistance and directly on the markets, especially on the labor market. Membership in EFTA (Austria, Switzerland, Sweden, Norway, Iceland and Finland) is also highly unlikely, since differences in the level of economic development between Eastern Europe and the EFTA are probably still greater than differences between CEMA and the EEC.

It is understandable that in the first reaction after the fall of the Iron Curtain, the states of Central Europe are standing in line for the Common Market, competing amongst themselves for the best possible position. If we exclude the GDR, which is a special case, sooner or later the governments of the other Central European states, however, should come to the conclusion that it is impossible to ignore the fact that in spite of everything we are creating a regional economic, civilizational and, finally, also a political community. Even if we assume that it will only be a waiting room for the "real Europe," we can furnish it better.

These are not new ideas: Poland, Hungary and the USSR already attempted earlier to urge CEMA partners to fundamentally restructure their organization. A program for creating an Eastern common market was even developed. These draft programs ran up against the ill-disposed position of the GDR and Romania and failed to receive unanimous support from the governments of Czechoslovakia and Bulgaria. Then the idea of a "little CEMA" including Poland, Hungary and the USSR was conceived. Accounts between these countries were to be cleared in hard currency and according to world prices, while the existing intergovernmental economic cooperation was to be replaced by direct cooperation between enterprises. At least the system of clearing accounts from this draft will be implemented gradually beginning in 1990. Even though nothing more could be accomplished for political and ideological reasons, this minimal program was itself quite revolutionary. Now, however, in the new situation, it is worthwhile and even necessary to return to the idea of a common market for Central Europe.

I liked the proposal announced in RZECZPOSPOLITA calling for the appointment of a Central European parliament to bring together those political forces which are interested in democratization and in the introduction of market reform in their respective countries. One can conceive of other, less formalized ways of mutual consultation as well. There is no doubt, however, that it is essential for us to reflect together upon the future of this region, on paths for resolving existing conflicts and on system reforms as well. We could also think about developing a more unified position on the issue of Western aid, indebtedness and cooperation with the

USSR. But above all, we should seek a new model of economic integration. Over the long term, it is impossible to retain idiotic restrictions in personal and tourist travel, the protection of our own markets as in the past and the primitive exchange of item for item, nonconvertible currencies and the like. Obviously, Poland and Hungary, as the most advanced in the field of economic reform, would have to "wait" for Czechoslovakia, Romania and Bulgaria. However, since the new governments of these countries are beginning to move in the same direction, it is merely a question of time and Mutual Aid, including real mutual aid. Besides, integration can and should finally be voluntary. To be sure, it should also be achieved in stages.

Without entering into details, I urge that we take advantage of the special political situation, drawing conclusions from what has happened recently in our part of the continent. We must forget our bad past and invent and negotiate a new CEMA again from the beginning, finding a new, more appropriate name for it (the Central European Community?, the E.S. [Central European] Economic Association?, the Economic Union?). The sense of such a venture is more important than the name: we have a common past, similar problems today and hopes for the future. There are no longer any "people's democracies," but psychically we are still strongly embedded in that era of compelled brotherhood. Can you imagine our really befriending and liking the Czechs, the Romanians and the Bulgarians? Can we imagine today a Polish-Czechoslovak economic union or a free market of people, goods and monies extending from the Baltic to the Black Sea? I would merely like to say that several months ago there were many other things that we could not imagine...

## CZECHOSLOVAKIA

### Prague Spring's Theorists on Prague Fall's Prospects

90EC0233A Prague MLADA FRONTA in Czech  
19 Jan 90 p 3

[Excerpts from interview with Ota Sik and Karel Kouba, prepared for publication by Jiri Leschtina: "The Rubicon Was Not Crossed"; date and place not given; first two paragraphs are MLADA FRONTA introduction]

[Excerpts] [Passage omitted] They last spoke together in Prague in 1968. Ota Sik, then director of the Economics Institute of the Czechoslovak Academy of Sciences [CSAV] knew that he would have to stay in Switzerland. He recommended his long time close associate, docent Karel Kouba, for the position of director. Shortly after his selection as director, however, Kouba also was fired from the institute and went to work for the Prague factory of Ceskomoravska Kolben-Danek [CKD].

A complex 20 years have passed. However unbelievable it may have seemed a few weeks ago, Karel Kouba, now

in the CSAV Projections Institute, and Ota Sik are again sitting together in Kouba's Prague apartment. [passage omitted]

[MLADA FRONTA] Don't you feel that, even though later reformers quite stupidly repudiated your reform ideas, these ideas nevertheless were also the object of sometimes uncritical glorification?

[Kouba] Glorification has absolutely no place in this regard. Anyone who wants to evaluate objectively our reform efforts of that time must remember that this newly formulated program was weighed down from the beginning with a number of forced compromises and inconsistencies. For instance, the first step in implementing the reform was the reorganization of the enterprise sphere, which by the way would have resulted in the strengthening of an already excessive level of monopolization. This was not an error on our part, but a compromise. Our original intention was to reorganize the center as the first phase of a reform, by eliminating several completely unnecessary ministries and establishing a ministry of industry. We were unable to get this done even in 1968, however. The opposition from the various sectors was too intense.

[Sik] Even during the initial phase of the reform program the party leadership was very upset by its final phase, in which we proposed several steps that would have restricted the influence of the party on the management and output of enterprises. At that time, in the early 1960's, we could not even speak about enterprises' independence. This would have been branded as Yugoslav revisionism immediately. We therefore emphasized the role of the unions, of management, and the like. Even such a modestly conceived phase of our program had to be almost completely eliminated.

[Kouba] Later, in 1968, these plans were published as archival materials.

[Sik] Even in the most liberal period of the Prague Spring we had no chance to introduce the idea that just as a single center cannot manage an entire economy, so a single party cannot control an entire society. The concept of political pluralism was blasphemy for the vast majority of Dubcek's politburo. For practical purposes, there were only three radical reformers in the politburo: Kriegel, Smrkovsky, and Spacek. I considered Dubcek himself, along with Svoboda, Cernik, and Cisar as centrists for whom the idea of getting rid of the leading role of the CPCZ was unacceptable.

[MLADA FRONTA] In your opinion what were the consequences of the forced abandonment of the reform process following the August occupation of Czechoslovakia?

[Kouba] We lost an excellent opportunity to become integrated into the flow of world economic changes of that time. Today, despite my above reservations, I look

upon our economic reform project as a unique, pioneering attempt to reach the outermost limit of a solution to critical phenomena within a socialist, single party system. It was an attempt to cross the Rubicon of traditional reforms introduced in the 1950's and 1960's in several socialist countries. We wanted to make enterprises independent, terminate their monopolistic positions, create a market for goods, money, and capital. We also proposed a program to achieve convertibility for the koruna. The forced abandonment of that program in the early 1970's, during which all its professional supporters in research institutes and in enterprises were liquidated, has resulted in profound stagnation and an interruption in the continuity of our economic development. I consider this to be the main, primarily political error, of the former leaders of the party and the nation.

[MLADA FRONTA] Recently the last obstacle to your former reform efforts has been removed, the monopoly on power of the communists. What do you consider the main dangers in implementing fundamental corrective measures in our economy?

[Sik] One danger is that we continue to delude ourselves that enterprises with monopoly access to markets and the certainty that the state will always take care of them will by themselves look for the most efficient production methods. No production structure can be isolated from market pressures today. This means that we cannot be afraid of allowing firms that have been unprofitable for a long time to fail. I see a danger that during the process of free elections many candidates will run a campaign of indulgence. So as not to lose the support of voters they may attempt to keep afloat enterprises that demonstrably bring the society no profits. This is why it is essential to separate production enterprises completely from the state. This, however, does not rule out state subventions when an important firm runs into temporary difficulties. We also must be careful about evoking the specter of unemployment. But these are all problems that can be resolved without long term shocks by a strategic national economic policy administered by an enlightened center.

[Kouba] This peaceful revolution has shown us the way to free elections, but has also brought political conflicts that are far from velvety. The communist party is not prepared to share power. This leads to conflict situations not only at the center but mainly in districts and regions. Moreover, many participants in this new political scene are not accustomed to holding jobs that include the difficult process of forming well run democratic institutions. We cannot allow either the circumstances of the election struggle, or the work of the newly elected government to force the fundamental problems requiring economic correction to the sidelines. This is the more urgent because the Prague Fall found our economy in much worse condition than it was in the Prague Spring. Our economy requires decisive corrective measures and profound, democratically administered systemic

changes. Under no circumstances, therefore, should we allow the economy to be sacrificed to political compromises.

## HUNGARY

### Tardos Condones Nemeth Economic Policy

25000618 Budapest NEPSZABADSAG in Hungarian  
3 Feb 90 p 8

[Address by Marton Tardos, leading SZDSZ economist, at the NEPSZABADSAG Economic Policy Club, date not given: "From a People's Republic to a Republic; The Operation Is More Painful Than Kornai Thinks"; first paragraph is NEPSZABADSAG introduction]

[Text] Members of the Nemeth government have faced the situation that has evolved, thus it is fair for them to confidently claim that they have done an excellent job in the course of the transition of power, according to Marton Tardos, leading Alliance of Free Democrats [SZDSZ] economist. While arguing with Janos Kornai's "Passionate Pamphlet," Tardos expressed his views of the present economic situation at the NEPSZABADSAG Economic Policy Club.

The experiences gained during the past 20 years prove that no market can be established alongside an existing party-state, to use current terminology. In political and ideological terms one could say that official ideology could not be in conflict with social solidarity while the party-state reigned. Contradiction could play only a subordinate role within society, and therefore the market of resources cannot be made to function. In economic terms: In order to have a free market, one needs a free mercantile market and a capital and labor resource market. But the moment we begin to operate capital and labor in market form, the contradiction between capital and labor appears on the surface in a coarse form. (True, this contradiction is present in every plan directive and modified plan directive system, but only in a veiled fashion.) For this reason the 1968 model made no advances with respect to formulating a labor and a capital market.

The foregoing also suggests that in the framework of capital and labor the freedom of social strata and groups to organize themselves politically is needed in order to permit the market to function. Along with this, the proprietary system must transform itself, or must be transformed, in order to permit society to organize on the basis of capital.

#### Why Is Private Enterprise Not Efficient?

I fully agree with Kornai when he states that privatization is the key issue in performing these tasks. Whatever he calls privatization I regard as direct privatization. This is a proprietary transformation which deals with a situation in which a significant proportion of state and large cooperative property is transferred to ownership by families and private individuals. I consider this to be a

very significant matter. I also regard as very significant what Kornai emphatically refers to as having to accord preferential treatment to private property. Unfortunately, neutral treatment does not yet exist today; the private sector does not easily obtain credits and imported materials. One must also mention the fact that today's political system could not yet prove to Hungarian citizens that political risk is negligible in the course of investments. As a result of the above-mentioned circumstances the private economy does not augment successful business activity, but wants to maximize income instead, and then either consumes that income or takes it out of the country, or invests it into material goods which carry the minimum political risk. This is one of the main reasons why private production, which constitutes at least one-third, but perhaps barely less than one-half of Hungarian national income production, is not efficient enough. Aside from traditional agricultural small merchandise production and traditional industrial trades, private capital appears only in places where monopolistic profits can be ensured at present. And it remains present only as long as monopolistic profits can be ensured in such a manner that capital investment needed for production remains minimal.

I agree with Kornai that everything possible must be done to develop private businesses, and I also agree with his statement that thus far the government has not done everything it could have. But I will say that this is not the sole miracle cure. Actually our dispute with Kornai pertains to the issue that he wants to liquidate the dominance of state and large cooperative property by way of a single channel of direct privatization, a matter that may take place in such cases only very slowly and may last for decades. But the market cannot become efficient until private property does not achieve relative dominance. On the other hand, if we accept Kornai's recommendations, state and large cooperative ownership will remain dominant for a long time to come.

Kornai wants to resolve the contradiction between the further functioning of the state sector on the one hand, and increased efficiency on the other, by introducing harsh control mechanisms. Quite naturally, this is an oversimplification, nevertheless I will say that the method proposed by Kornai would actually restore the plan directive method.

It is true that Stalin succeeded in achieving huge quantitative results with an economy characterized by state ownership. But not even this debatable success could have been achieved without the promise of making communism a reality. Along with this, success also required that those in power motivate business leaders with the promise of personal advancement, and that these leaders be stringently punished if their performance was unsatisfactory.

The fact that these methods cannot be utilized in today's situation can be easily seen. In my view, those who operate state property must not have their fingers

burned, but must be given economic freedom and an opportunity to prove themselves instead, holding them accountable for the return on capital. One cannot do business assuming from the outset that a person will spend too much money and will not work well. We must not take this approach, particularly at a time when the state does not have sufficient strength and opportunity to control its managers. Career opportunities must not be taken away from the present managerial strata, because we have no assurances that we will be able to replace them with better managers. Rather than relieving the present managers, we must assign them the task of accomplishing the return of the invested capital. This task can be expressed in specific terms only if a large part of the economy is transferred to private hands, and only if the rest of the enterprises are able to achieve results in competition with the private sector.

#### **Government Officials Should Not Be Layed Off**

I would like to mention in this relationship that there is an urgent need to determine which state administrative positions have a political character. I believe that it should be stated that the question of whether an individual has been a member or officer of some party at one time or another must not even be asked from persons serving in the specialized apparatus. Simply put: The foolishness of kicking out masses of people from the expert apparatus just because they were part of it yesterday, must not be accomplished. What could be accomplished by replacing these people with persons who do not understand the conditions even to the extent their predecessors do?

Let us return to the subject of privatization. As far as I am concerned, in a broad sense I regard every action as privatization which discontinues the state's disposition over property, and puts an end to the practice of 98 percent of cooperative property being indivisible. Privatization begins at the moment when these rigid forms change into some more flexible forms. This is because at that point the possibility came about for the evolution of a qualitatively different, more modern proprietary form.

The trouble at present autonomous enterprises is that no one can call such enterprises his own, and in the course of transformation the state property agency will not be able to manage well the affairs of the possibly "renationalized" enterprises. In the framework of various transformations and sales, certain methods should be suggested by which a person in authority may be found, one who may be held accountable if the value of enterprise assets declines; if in response to monetary restrictions an enterprise gives up its capital in the greatest variety of ways by selling its machinery, vacation homes, and shops, and by not investing the amortized value, but by converting it into wages and material costs instead. Accordingly, under such circumstances, as long as an enterprise is owned by the state, state organs must not control the details of doing business. The state must control the end result instead: the manner in which the enterprise's assets appreciate or depreciate. But because

the state would be incapable of performing this function in the economy as a whole, a large part of state property must be privatized.

But even with the best of intentions, nationalized property cannot be distributed among members of society in such a way that people feel that the distribution was fair. If we give capital to enterprise workers, public service workers, for example, will raise the question of why they did not receive capital. Another question that may arise could be this: Why does the worker of a capital intensive, profitable enterprise receive ten times as much capital as the worker of an enterprise that operates with a loss and is short on capital. A different problem would arise if we were to privatize state property on a basis other than enterprises, and provide an opportunity to members of society to purchase that property. Citizens who do not make investment decisions themselves and who are not informed of opportunities available to them may end up in very different situations as a result of investments made on the basis of state decisions. One would become rich as a result of the state decision, while another could buy himself only a glass of wine and soda. Society would have difficulty tolerating such differences in wealth. I believe that the kind of property transformation I call direct privatization may and must be used, but there is also room for another kind of privatization. Thus, even if not exclusively, the channels I am critical of may also be applied. In addition, in the course of property transformation, one may assign a great role to institutional investments. Quite naturally, this statement is debatable, because it is questionable what conduct the insurance companies, pension funds, and nonprofit organizations will manifest in the marketplace. This threat must be contrasted to the dangers inherent in today's practice of state enterprise accountability for their resources.

#### **Shock Therapy**

There is yet another area where I disagree with Kornai. He says that nothing but an operation can help the situation the Hungarian economy is in today. In his view it would be possible to perceive an operation which, in the course of a year or two, would place the country in a period of healthy development, and that this healthy development would show the marks of full stability in virtually every area.

In my view this process is far more difficult, and the operation is far more serious than Kornai thinks. Our author presents an illustrative example by saying that as long as a person's leg must be cut off, it is better to cut it off all at once, than piecemeal. So that I also present an illustrative example, I will say that any kind of operation demands an appropriate physiological condition, and that the great strain involved in an operation does not make it possible to simultaneously perform any number of operations on a patient in just any kind of general condition. In and of itself, proprietary transformation is an extremely complicated, difficult matter. One must count on many kinds of resistance in this process. In today's Hungary one may count on an even greater

conflict as a result of the fact that the standard of living accepted and regarded as legitimate by society is not in harmony with its performance potential. The bulk of society thinks that every government has an obligation to ensure the standard of living society considers to be legitimate. In reality the desired standard of living could not be ensured even if some good solution, bordering a miracle, could be found with regard to the management of our existing indebtedness. As a result of this fact, one must count on the fact that the problems of the coming years cannot be resolved without exchanging conflicts, and one must count on significant resistance on a societal scale to the pursuit of an economic policy that is warranted.

### The Confusion in Society

In the final analysis, the troubles and concerns on the present agenda reach back to 1948, the year of the turnaround, and to the consequences of that turnaround. Unmanageable conditions were created at that time. The Miklos Nemeth government, which regards itself as a nonpartisan government, also carries the negative consequences of that period, but these consequences will weigh far more heavily on the future government. Hungarian society is very confused in this regard. One must see the issue clearly: Conditions must be established which enable the country to join Europe, not at the level of standards one finds in Outer Mongolia, to mention a country which is symbolic, and cannot be found on the map. The country will have no perspective, and the situation may lead to tragedy unless we are able to convince potential trade unions that it is against our national interests to obstruct a rational economic policy by using populist watchwords, unless we are able to convince most enterprise managers that under certain conditions financial restrictions are not foolish, and that it is under such conditions that they are able to develop from a European standpoint. In other words, we will have no perspective, and the situation will lead to tragedy if we do not succeed with all of this.

I believe that the post-election Hungarian government which will make government appointments will be in a less favorable position to assess the difficulties than the Nemeth government is today. I believe that Hungarian society harbors illusions with regard to the new government. Despite this fact I feel that there is an opportunity for Hungarian society to confront these tasks. The West could also be encouraged not to present foggy ideas to Hungarian society concerning a pleasant future, but to clearly define the conditions of support instead.

### Inflation

I also disagree with Kornai in regard to inflation. My dispute pertains to the degree by which one should be anti-inflationary, and to financial policy management. To begin with, economic writings recommend shock therapy only to countries which experience runaway inflation, because 1,000-percent inflation can be held down only in this way. Fortunately, this phenomenon

does not exist in Hungary. Undoubtedly, the possibility exists that a weak government, along with liberal policies and under assumed conditions of trade union and enterprise obstruction, implements policies which cause runaway inflation. At that point Kornai's suggestions could be placed on the agenda. But today's Hungarian inflation cannot be treated with shock therapy.

The fact that inflation is not beneficial is true indeed. The question is whether a country with a distorted pricing system is capable of transforming its pricing system without inflation. I apologize to Kornai for what I am about to say, but Kornai's response to this matter is tricky. He does not make unequivocal statements about changes in price levels in the course of the operation, and about the duration of the operation. Even if one assumes a limited volume of money issued, the streamlining of supply and demand would take a long time. Everything possible must be done not to force the Ministry of Finance and the National Bank to relax their tight money policies in the course of establishing free prices, and as a result of trade union and large enterprise obstruction. If this were to happen nevertheless, the volume of money would produce inflation which may be treated only with shock therapy.

The above suggests that the evolution of a new pricing system is a complicated process, which cannot come about overnight. In my view, under such circumstances the criterion for success of an economic policy is whether it is capable of preventing the acceleration of inflation, and if it is capable of reducing inflation later, in the course of one or two years.

There is no government capable of resolving the avalanche of historical problems within a short period of time, and without accepting conflicts. We will progress very slowly, in a very tormented way and only at the price of great conflicts, but the possibility of a realistic evolutionary policy exists indeed. We must recognize the fact that the era of a people's republic has come to an end, and we must be able to build a new, successful republic. This becomes possible if we are able to overcome the helplessness caused by political watchwords which seek popularity, the clumsy contrariness manifested by Western creditors, and internal political battles.

### Economist Envisions 25% Inflation in 1990

25000619A Budapest FIGYELO in Hungarian  
8 Feb 90 pp 1, 4

[Article by economist Dr. Janos Czinkotai: "The Expert's Prediction: a 25-Percent Inflation Rate This Year"; first paragraph is FIGYELO introduction]

[Text] A promise that the inflation rate this year will be between 19 and 20 percent at most has been made. In his passionate speech to representatives in Parliament the finance minister insisted that the inflation is indeed "manageable." The author's—economist Dr. Janos Czinkotai's—thought process and arguments appear to

prove that either this prognosis represents a simple professional error, or it constitutes professional irresponsibility.

This is the third year at the beginning of which my writing has appeared on the pages of FIGYELO with a forecast for the expected increase in consumer price levels. During the past these calculations have provided a good estimate of how price levels will evolve in individual trades, and of course within the whole of production and consumption. And they have provided information concerning the government's pricing policy intentions, of course. Anyone who has paid attention to actual price changes as shown by statistical data could recognize that, aside from small or large fluctuations in certain trades, there has been no substantial difference between "real life" on the one hand, and the prognoses on the other during the past several years. This permits us to draw two conclusions:

(1) Pricing processes within the economy have been fundamentally guided by the conveyance of costs, and quite naturally by economic policy and financial measures implemented by the government, while internal market conditions have played a background role; and

(2) Insofar as the market did not follow the "planned" processes, the possibility for broadly based intervention has existed with regard to specific price relationships and the formulation of prices in given instances.

Last year's pricing processes, however, already signaled what would be the necessary consequence of economic and social transformation, namely that this kind of planning practice cannot be continued, and that the economic policy means designed to combat inflation must be placed on new foundations. The insistence on maintaining planned prices is no longer one of the first class economic policy goals, if one assumes that we want to build on the economic regulatory, and efficiency-improving role of the market and of money. What remains unchanged is one of the most important economic policy tasks, i.e. the harnessing and management of inflation; meaning that the government must recognize and plan according to the expected the rate of inflation based on objective facts.

This matter was the subject of diverse analysis in the framework of formulating this year's economic policy program, the state budget, monetary policy, and other state tasks. Disregarding extreme approaches, as a result of this, government organs were thinking in terms of a 15- to 25-percent bracket. The lower figure was regarded as the minimum realistic inflationary expectation, while the higher figure was regarded as the threshold above which inflation would become unmanageable. Quite naturally, a decision made by the government and the National Assembly in the meantime "pushed" the lower value gradually higher. Thus, the question today is whether the tasks described in the annual economic program, the measures which serve the purpose of implementing stringent monetary policies and the earliest

possible establishment of the market economy, provide sufficient "backing" to support the idea of abiding by the declared 19- to 20-percent rate, or if the approximately 22- to 25-percent rate based on the absence of the desired economic policy turnaround should be considered the realistic prognosis.

Never before has this prognosis contained as many uncertainties as it does at present, in 1990. It should suffice for me to refer to only a few facts: the uncertainties of socialist exports (of the socialist market), the anticipated evolution of world market prices (e.g. grains, meat), inflationary expectations related to the devaluation of the forint, etc. Personally, I am counting on a situation in which this year's inflation will evolve according to scenario (1), because due to weak market conditions, no fundamental turnaround in the improvement of economic efficiency may be expected in 1990. For this reason I regard the between 19- and 20-percent inflation rate projected by official calculations as overly optimistic. Even on the basis of conditions that were known last December, it would be more realistic to establish this year's anticipated inflation rate at between 22 and 25 percent (at a minimum!—The editor).

The calculations I have made were fundamentally based on the expected increase of domestic producer price levels. Within this, I have tried to express numerically the classic cost factors, i.e. export prices, subsidies, and taxes, as well as changes in foreign exchange rates, the increased interest rates, and the direct effects of expected wage and other income outflow on increases in price levels. Beyond these one must also take into consideration that price controls were removed within the food economy, and for this reason the price increases implemented on 8 January did not strictly conform to actual changes in costs. Most of the drastic price increases are supported by intentions to improve the profitability of the food economy. The components of this year's increase in consumer price levels are expected to be as follows:

Designation	Percent Increase
1. Reduced subsidies, increased taxes	4
2. Estimated effect of 22-percent forint devaluation accomplished in 1989 on 1990 price levels	3-5
3. In addition to the above, the effect of the tandem movement of producer and consumer prices	13
4. The effect of the (larger than projected) profitability increase accomplished in the food economy	2
Total:	22-24

Quite naturally, in reality the effects designated under items 2 and 3 which contribute to price increases are not delineated, they are reflected in prices simultaneously. In addition, all the domestic inflationary effects of the

22-percent forint devaluation are naturally greater than the values shown in the table, because a good part of the inflationary effects presented themselves in 1989, and they play a significant role in the framework of inflationary expectations, in general.

Behind the between 22- and 25-percent growth rate of the consumer price level we find an average of 18-19 percent increase in domestic producer prices—including the effects of reduced producer price subsidies, and within that an approximate 25-percent increase within the food economy. (The difference between producer and consumer price levels is explained decisively by changes in financial bridging arrangements, price gaps, and import prices that exist between the two.)

From the standpoint of industry branches, the anticipated price increases to take place in the energy sector, in infrastructural service provisions, and in the food economy will play a definite role in this year's inflation. From among these an approximate 25-percent increase in the cost of energy and its effects will produce a "splashing" effect throughout the economy. With regard to the by now virtually inoperative infrastructural service provisions, the conveyance of cost increases is unavoidable, and so is the reduction of subsidies and the "advancing" of part of developmental resources in terms of prices in certain places.

But the key issue of this year's inflation is the anticipated behavior of prices in the food economy. This follows on the basis of the relative significance of the products involved, and from the extent of price increases. In this relation I will call attention to one peculiar circumstance.

A peculiar "dialogue" has been going on between this trade on the one hand, and society on the other. The trade argues that for decades the official form of prices has decisively prevailed for decades. Stemming from social policy considerations, the main goal of this was to maintain consumer prices below the actual costs of investments expended by society, so that these may also serve social policy tasks. This took place at a time when those engaged in doing business with industrial products, most of whose prices were not subject to price controls—and a large part of whom manifested a monopolistic pricing conduct similar to the food industry—did not have to take into account social policy considerations in formulating their prices. I will note here that although with regard to the latter the number of actors in the marketplace is substantially greater than in the case of certain industrial items, some rather forceful monopolistic and cartel endeavors may be observed in the behavior of those who buy up products, and in the food processing industry.

In the final analysis the battle is being waged over the issue of what proportion of their income consumers may spend on food products, industrial goods, or services. This is true although food products would have had a much greater chance of receiving a greater share in the redistribution of societal income than industrial goods,

because it is commonly known that the price and income flexibility of these products is relatively low. The sole obstacle was the constraint in the price mechanism. It is no coincidence that the attack by this trade was aimed at the relaxation of this constraint. It is not difficult to notice the advent of the "now it's our turn" effect.

At the same time, it is also true that because of the peculiar feature of agricultural production (because of its long cycle), nowhere else do we find as strong a producer interest as in this field. In case of a mistaken decision, the correction may produce results only years later.

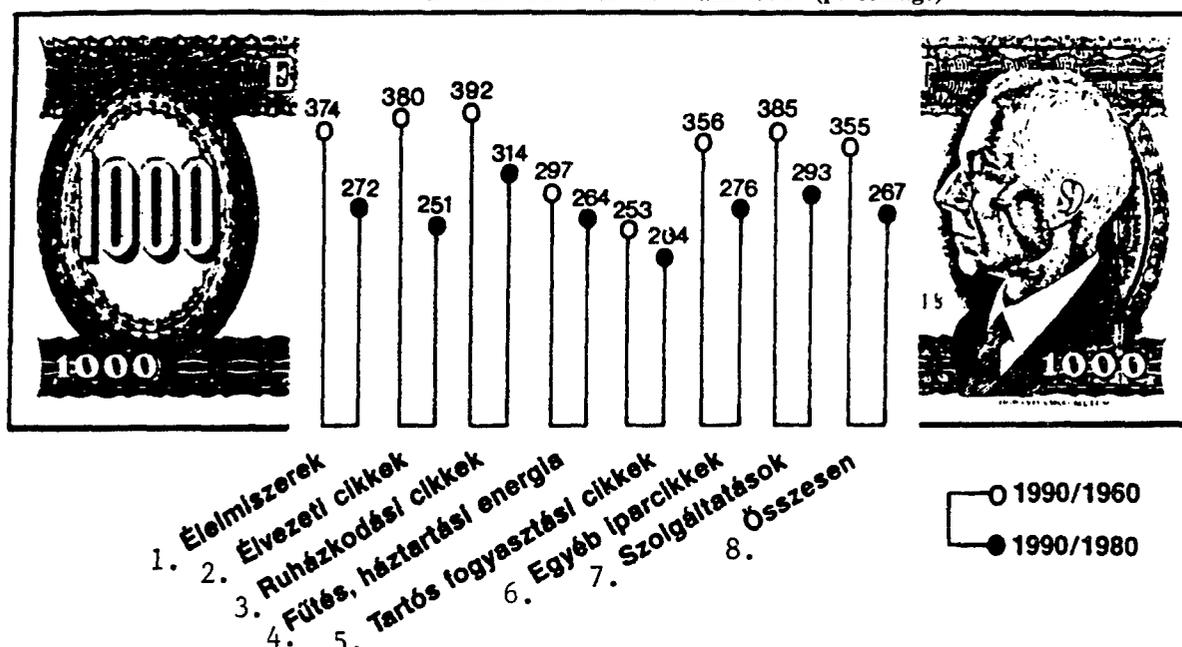
The dialogue, of course, has not come to an end. If individual income increases only at the planned rate, we will indeed spend less in the future for durable consumer goods, clothing, etc. If, on the other hand, individual income significantly surpasses the planned levels, this circumstance and the coincidence of inflationary expectations may provide a significant thrust to the acceleration of the inflationary spiral. After all, it is well known that within the food economy producers are prepared to "leap" for another price increase. Precisely for this reason it was extremely risky to essentially fully liberalize prices in the absence of a stable market background (the advance formulation of the order and conditions for sales and for intervention measures) in a trade which manifests a monopolistic pricing behavior, and to top it off, in a field which has a low price flexibility rate from the standpoint of demand.

Supposedly this decision was supported by the idea that after a long period of time, food exports payable in convertible currencies are rather favorable in 1989/90. The government envisioned that production would be secure only if prices are radically liberalized, meaning the simultaneous fulfillment of domestic demand and of exports.

The trade argues that the obligation to assume a social policy role, and the consequences of a fixed price mechanism, are mutually blurred. By subsidizing the prices of food industry products, it was not the trade that agreed to perform social policy tasks; the budget did so. After all, if subsidies were reduced, the consequences of such reductions could be instantly enforced in the form of buying up prices. In cases involving other inputs [as published] it is undoubtedly true that in general, conveyance of costs was realized only with a delay and in a fragmentary manner. At the same time it is also a fact that such conveyance has been realized essentially throughout the field. This is also shown by the graph below representing the evolution of consumer price indexes between 1961 and 1990.

In the case of merchandise produced and sold by the food economy, the increase in the price level is somewhat higher, both in the long run and in the short term, than the general inflation rate. Accordingly, it is not true that the food economy was "ruined" by pricing motivated by social policy concerns, one that was designed to be gentle to consumers. Another factor that played a role

Consumer Price Indexes Between 1961 and 1990\* (percentage)



\* Central Statistical Office: changes in consumer prices as they affect the chief strata of the populace. 1988. Figures for 1989-90 show the anticipated pace of increment.

## Key:

1. Food
2. Specialty Items
3. Clothing
4. Heating, Household Energy
5. Durable Consumer Goods
6. Other Industrial Goods
7. Services
8. Total

in the increase of price levels is that during the past decades an income parity between agricultural work and industrial work was established, and they significantly reduced producer and consumer subsidies.

Solely because of the volume of this material, we will disrupt the author's line of thought at this point. We will continue in our next issue by proving that for the time being the abyss between the present pricing mechanism and the real "market" conditions cannot be bridged, and by dissecting the issue of whether we could have gotten away this year with a lower inflation rate.

## POLAND

### Fate of Helicopter Industry Linked to West

90EP0374A Warsaw RYŃKI ZAGRANICZNE in Polish No 8, 18 Jan 90 p 1

[Article by Marek Slawatyniec: "The Polish Helicopter Industry at a Crossroads"]

[Text] The Polish helicopter industry which has generated hard currency for our country for years and has enjoyed good reputation both in the East and the West has definitely come to a crossroads. Changes under way in virtually all CEMA countries, especially the need to reduce the military budget forced on them by the critical economic situation, have already influenced unfavorably the portfolio of orders of our largest producer of helicopters, the WSK [Transportation Equipment Plant] PZL [Polish Aviation Plant] Swidnik. Progressing international detente between Washington and Moscow, as well as the gradual extinguishing of a majority of local armed conflicts, will undoubtedly cause these trends to mount further, all the more so because a relatively large segment of the Mi-2 vehicles produced in Swidnik is purchased by military consumers in our country and abroad.

Under these circumstances, a collapse of helicopter production in Poland appears quite realistic. Eventual increased demand by our domestic civilian enterprises will not offset the unavoidable drop in sales to the military. Likewise, exports to Western countries will not increase substantially in the immediate future because

our offerings to date cannot be of meaningful interest to extremely discriminating consumers from highly developed countries.

Nonetheless, all of the above does not amount to the absolute lack of prospects. The new economic system poses a threat but it also gives us an opportunity. Taking advantage of it in the best way possible is the order of the day. Opportunities for an expansion should be sought primarily in establishing and enhancing cooperation with leading Western enterprises. We may ensure the influx of adequately up-to-date technology and access to markets for our sales only in this manner. The first steps in this direction have already been taken: Several weeks ago, a preliminary agreement on the joint production of light general-purpose helicopters was signed with the leading French company Aerospatiale. Further joint ventures, also with Western partners, are already at the stage of detailed negotiations. If they are set up the future of the Polish helicopter industry should not trouble us.

At present, it is difficult to say unambiguously whether our flagship enterprise in this industry, the WSK PZL Swidnik, will be in a position to take advantage of the expected improvement of world market trends. The arrival of new designs such as the Sokol and the Kania gives us grounds for cautious optimism. However, it is undoubtedly the order of the day to accelerate research and development programs in the absence of which our new developments will be threatened by premature aging. This statement should apply primarily to developers and designers, but not just to them.

In the case of this field which is peculiar and at the same time important due to the development potential available, it is worthwhile to analyze opportunities for increasing outlays for basic research and development work. It should be recalled that even in the most developed capitalist countries considerable financial aid is given to the producers of aircraft. Neither the Notar of McDonnell Douglas nor the helicopter with a slanted rotor of the Boeing-Bell-Textron consortium would have been developed without government orders and preferential loans. To be sure, the scope of both our needs and our opportunities is completely different. However, essentially it is the same issue.

The issue of funding for research and development should be resolved as soon as possible. We cannot allow one of the few markedly export-oriented industries which we have to fall. The squandering of the capital of skills and experience of Polish aviation engineers and technicians should be prevented.

### **Balcerowicz: Economic Reform Demands Hard Choices**

*90EP0303A Hamburg DER SPIEGEL in German  
No 5, 29 Jan 90 pp 140-147*

[Interview with Leszek Balcerowicz, deputy premier and minister of finance, by Klaus Reinhardt and Martin Pollack: "Many Firms Threatened by Bankruptcy"—

Finance Minister Leszek Balcerowicz Talks About Polish Economic Reforms"; date and place not given]

[Text] SPIEGEL: Mr. Minister, your reform program demands heavy sacrifices from the Poles. Real income is dropping by 25 percent this year. Don't you think that at some time or other the workers will take to the streets?

Balcerowicz: The figures are correct, but it is impossible to stifle hyperinflation without risking a reduction of real wages. Nor have we kept silent about this connection. We, therefore, believe that there will not be any violent protests.

SPIEGEL: The main feature of your ambitious economy program is the devaluation of the zloty, whose purpose, among other things is to dry out the black market, to free prices while restricting wages, and to make loans more expensive. Is that really an incentive to work harder?

Balcerowicz: There are no other measures that can put an end to inflation. Nor do we see any other prospects for long-term economic growth.

SPIEGEL: With the principle of hope, no one can buy himself anything.

Balcerowicz: Even over the short term, a different program would hardly motivate the workers in light of the rate of inflation.

SPIEGEL: Other countries, such as Yugoslavia, have tried to stop inflation with similarly tough measures, and have failed every time. What makes you think that Poland will be able to hold out?

Balcerowicz: Such difficult programs cannot always succeed. That goes without saying. But one must also keep in mind the countries that made it.

SPIEGEL: Where did it work?

Balcerowicz: Countries in South America, such as Bolivia, made it, but also Israel. We are now watching Argentina; there are a lot of difficulties there, but one cannot as yet speak of a failure of the anti-inflation program.

SPIEGEL: Can one compare Poland to underdeveloped Latin American countries?

Balcerowicz: Wherever the fight against inflation has succeeded two prerequisites were fulfilled: first, the program was structured properly, and, secondly, it was carried out consistently. That means neither the government nor the politicians nor society gave up as soon as the first difficulties arose.

SPIEGEL: That is also supposed to be true of Poland?

Balcerowicz: I think both conditions have been fulfilled in Poland.

**SPIEGEL:** Would it not have made more sense to stop inflation, which amounted to 700 percent at the beginning of the year, with a currency reform?

**Balcerowicz:** I am afraid you confuse the situation in Poland today with the conditions in postwar Germany and the reforms of Ludwig Erhard. Our problem is not that we have too much money in circulation. In our country one cannot buy enough with the money available. Therefore, we are not helped by a currency reform but only by a restrictive income policy and a just as consistent policy as regards public budgets and the awarding of credits.

**SPIEGEL:** The Yugoslavs, too, found out in the end that one cannot manage any longer with huge bundles of bank notes, and eliminated a few zeros on their notes.

**Balcerowicz:** That was a purely mechanical operation. One can do that of course, but rather as a crowning of a whole operation and not now at the start.

**SPIEGEL:** Do you have a fixed date already?

**Balcerowicz:** No, the matter is not important enough for that.

**SPIEGEL:** On advice of the IMF, you have reduced government subsidies by more than half. In the realm of consumption, the state now controls no more than 10 percent of all prices any longer. Who fixes the remaining 90 percent?

**Balcerowicz:** The remaining prices are market prices. That is, they are prices fixed between producers or suppliers and consumers.

**SPIEGEL:** Without government intervention?

**Balcerowicz:** There are a few indirect price controls—the antimonopoly law, for example. Besides, there are a few prices which are directly controlled, the control consisting in the producer or supplier having to give notice of a price increase in advance. Such an increase can be denied.

**SPIEGEL:** The price of flour, and thus also the price of bread, has just about exploded now.

**Balcerowicz:** That is one of the cases we are looking into urgently. We are going to react quickly.

**SPIEGEL:** Is the state supposed to put on the brakes here?

**Balcerowicz:** Yes, we know there are prices one might call socially sensitive. The growth of these prices must be watched, and there has to be intervention if need be.

**SPIEGEL:** Is it, in fact, possible at all in a scarce economy with excessive demand and too little supply to regulate prices solely through supply and demand?

**Balcerowicz:** Of course, in Poland in the first few weeks we have to deal with the contradiction of great demand and inadequate supply.

**SPIEGEL:** As yet the market has not braked the rise in prices.

**Balcerowicz:** There are already some signals. We have information to the effect that producers are putting pressure on sellers because they also want to sell their goods. The speed of price increases is lessening from week to week.

**SPIEGEL:** But it appears that at present the goods supply is more or less adequate only because the demand is small, because fewer and fewer buyers can afford the expensive goods.

**Balcerowicz:** Over the short term, that is so. At a time when prices rise while there is a restrictive monetary and income policy, one cannot buy any more than is possible at the given income and given price.

**SPIEGEL:** And over the long term?

**Balcerowicz:** We expect a stimulation of production in the second half of the year because demand will increase again, with prices having adjusted to the market in the meantime.

**SPIEGEL:** Polish farmers are demanding guaranteed minimum prices for their products and inexpensive loans—the kind of preferential treatment also being accorded to agriculture in Western countries. Do you find that unjustified?

**Balcerowicz:** We are, of course, interested in the further development of agriculture, but it must be in agreement with the principles of our economic program.

**SPIEGEL:** What does that mean?

**Balcerowicz:** It means that what goes for the market economy also goes for agriculture. We do not want to introduce rigid prices for agricultural products, but we are prepared to balance excessive fluctuations in prices through intervention purchases.

**SPIEGEL:** In principle, similarly as the EC, you want to build a mountain of butter or a lake of milk?

**Balcerowicz:** We have to make sure that this does not destroy the anti-inflation program. In other words, subsidies to farmers must be limited.

**SPIEGEL:** And are you not afraid to lose the next election with such measures?

**Balcerowicz:** It is not the farmers that are hit worst by the reduction of subsidies.

**SPIEGEL:** Is there not now a threat of farmers dying out? Is your program not depriving many small unproductively operating farmers of their livelihood?

Balcerowicz: I do believe that our policy can put such processes in motion. It will occur only very gradually, however. We also figure that quite a few people doing farming on the side who lose their jobs in towns can be retrained and take up work in the country outside agriculture. There is an enormous demand there.

SPIEGEL: You mean in the services sector?

Balcerowicz: Yes, with this solution no housing problem would arise, for the people live in the country, and it is there that they also would find new jobs.

SPIEGEL: Many Polish car owners have canceled the registration of their cars because they can no longer pay for the expensive gas, insurance, and taxes. That is also true of the transport industry. Can the state permit this in light of the weak infrastructure?

Balcerowicz: That primarily concerns privately owned vehicles and a portion of the farmers. In the case of transport companies and forwarders, privatization has been strongest the past year. They will survive.

SPIEGEL: You have levied an extremely high duty on the import of cars, computers, and cosmetics. Why? Perhaps in order to protect the domestic market? It has little to offer in these branches.

Balcerowicz: Those are temporary restrictions. They are part of the protective measures designed to stabilize the zloty vis-a-vis the dollar. At the same time we substantially relaxed foreign trade restrictions, virtually abolishing the state monopoly in this field. We figure that in some areas imports might increase very rapidly.

SPIEGEL: You would like people to buy machines and artificial fertilizer abroad, not cars or computers.

Balcerowicz: Over the short term, artificial fertilizer is indeed more important than a private car. But as soon as it should turn out that the payment balance is satisfactory, we will be in a position to reduce these duties.

SPIEGEL: The German Bundesbank has reproached you saying that price reform without a simultaneous increase in goods supply is a "grave mistake" and is bound to lead automatically to galloping inflation. What is wrong with that reproach?

Balcerowicz: Anyone making such a reproach would have to name at least one country for me which has stifled galloping inflation with increased supply and not primarily with restricting the amount of currency on the market. Before opting for our economic strategy, we looked very intensively for an example, but unfortunately could not find one.

SPIEGEL: What is supposed to become of the dinosaurs of state industry which produce 94 percent of the national product but operate utterly uneconomically?

Balcerowicz: We are trying to abolish the monopolies. We started with the meat industry, and transport enterprises and the sugar industry are supposed to come next.

SPIEGEL: What about the trade monopolies?

Balcerowicz: Soon we will examine in the Sejm a law about the so-called cooperative organizations. Some of these organizations have been cooperatives in name only, and in fact state organizations. Here the reduction of monopolies is particularly important.

SPIEGEL: What is to happen to the state enterprises?

Balcerowicz: We are thinking of privatization, but it has to be accompanied by the abolition of monopolies.

SPIEGEL: Don't expensive credits lead to the danger of sound enterprises, too, getting into difficulties?

Balcerowicz: A restrictive credit policy is bound to result in financial difficulties in the enterprises. That was predictable and planned. Many companies are threatened with bankruptcy.

SPIEGEL: But Poland cannot afford that.

Balcerowicz: Right. We, therefore, developed institutions which are to operate as a kind of filter. There, enterprises in difficulty can temporarily receive support.

SPIEGEL: State subsidies again, after all.

Balcerowicz: By no means. Any loan must be repaid. Besides, the enterprises must establish a reform program. If it is accepted, the enterprise gets the opportunity to get out of the difficult situation. If not, it goes bankrupt.

SPIEGEL: Does there already exist a list of potential bankruptcies?

Balcerowicz: We have an idea, but, having renounced a planned economy, we do not want to plan which enterprises should go bankrupt.

SPIEGEL: Your colleague, Labor Minister Jacek Kuron, figures that this year already there will be up to a million unemployed. What is to happen to them?

Balcerowicz: First of all, those affected should try to quickly find other work. Because there are many jobs vacant, the opportunities do not look bad.

SPIEGEL: In what fields?

Balcerowicz: For instance, as streetcar or bus drivers in municipal transport enterprises and in the entire services sector.

SPIEGEL: And what will happen to those whom it is difficult to place in the job market?

Balcerowicz: For them we have a social program, a protective program for temporarily unemployed.

Besides, it is possible to receive a loan for establishing one's own enterprise, and if none of that works, there is unemployment insurance.

SPIEGEL: According to a Solidarnosc paper of last year, Poland needs about 10 billions' dollars worth of Western financial aid to reform its economy. Is that still true?

Balcerowicz: Please don't pin those \$10 billion on me. That amount is not meant to comprise only new credits, but it refers also to debt conversion. I don't want to cite any concrete figures here, but we are urgently interested in soon starting negotiations about reducing old debts.

SPIEGEL: If one adds the already pledged assistance by the World Bank and the IMF, the United States, the EC, and finally also Japan, the necessary amount would have to be almost there.

Balcerowicz: What you have added up is mostly no more than promises so far....

SPIEGEL: ...which will have to be fulfilled, however.

Balcerowicz: Even if we can use the credits, it will often be possible only with great delays, as if the time factor were of no consequence whatever in Poland. Often the way these monies can be used is limited. Sometimes one gets the impression that bureaucracy in the West is greater than here. We are greatly interested in being able to take advantage of this aid speedily and flexibly.

SPIEGEL: That means without framework conditions?

Balcerowicz: Framework conditions are okay, but not bureaucratic restrictions and limitations.

SPIEGEL: The change in Europe since last fall has also improved the chances for foreign investments in other countries, such as the GDR and Czechoslovakia. Do you fear this competition?

Balcerowicz: Our changes, in fact, presuppose our having to live in constant competition with other countries. We regard this development only as an additional argument for our having to make our system competitive.

SPIEGEL: No envy at all?

Balcerowicz: No, no. What is developing in East Europe has only confirmed our conviction that we need a stable economy based on a stable currency as soon as possible—all the more so because the changes among our neighbors are proceeding in the same direction.

SPIEGEL: Do you have the feeling that the West recognizes Poland as a pioneer of this development?

Balcerowicz: Judging by words, yes.

SPIEGEL: You are promoting joint ventures in the West, but the office responsible for this in Warsaw has only three telephone lines, one telex which does not work, and not a single computer. How do you intend to obtain partners that way?

Balcerowicz: I agree with you. Therefore, I will make some basic changes in the next few days. Among other things, the agency will get a new chief who, it is hoped, will improve the situation.

SPIEGEL: But it is not only a question of that office. It concerns the entire infrastructure. Telephoning in Warsaw is....

Balcerowicz: ...Thank you. I know. The telephone system definitely is on the list of priorities. It is urgent that we solve this problem, but we cannot do so without foreign participation.

SPIEGEL: Hungarian Deputy Prime Minister Peter Medgyessy recently proposed a close economic alliance between Poland, Hungary, and the CSSR. Do you think such integration makes sense?

Balcerowicz: Yes. I think countries with similar economic systems should maintain close economic relations.

SPIEGEL: Might this also lead to a political confederation?

Balcerowicz: I think it is still too early to talk about that. But as a rule economic cooperation also leads to integration in other areas. Take the EC.

SPIEGEL: What do you think of the new magic formula of "central Europe?"

Balcerowicz: It is definitely a better term than East Europe, for it accords with the geographic facts. Moreover, central Europe also has that additional cultural undertone which we greatly appreciate.

SPIEGEL: Mr. Balcerowicz, because you studied in the United States for a time, you are often called the Polish Milton Friedman in the political debate. Others compare your policy to the course of economy of Mrs. Thatcher in Great Britain. Whom would you describe as your model?

Balcerowicz: Those are only labels, of which none applies to me 100 percent. I gladly leave to others the fascinating activity of finding a suitable label for me.

SPIEGEL: Thank you for this interview, Mr. Minister.

[Boxed item: As first deputy prime minister and finance minister in the government of Tadeusz Mazowiecki, Leszek Balcerowicz drafted the general plan for the rigorous economic reforms which have been in effect since January. A convinced monetarist who relies on the self-healing process of the market, he studied at the Warsaw College for Planning and Statistics, and two years at the New York St. John's University. For a time, he was a fellow of the German Friedrich Ebert Foundation. As a college professor, he dealt with the problems of the various economic systems. Balcerowicz, 43, who also helped the Polish Communists in economic questions until 1980, since that time has been the most important

economic adviser of the Solidarnosc trade union, in whose election victory last June he played a crucial role.]

### **Government Agricultural Policy, Relationship to Economic Policy Outlined**

*90EP0260A Warsaw RZECZPOSPOLITA in Polish  
13 Dec 89 pp 1-2*

[Article by Edmund Szot: "Bases of the Agricultural Policy: Give Something to Get Something"]

[Text] Putting the food economy on a market basis improved shopping for food, but this was achieved not as a result of an increase in supply of agricultural products, but at the cost of a decrease in level of consumption by some population groups. From the first putting the food economy on a market basis had the support of the farmers, and was even proposed by them. This enthusiasm ended, however, the moment difficulties developed with the surplus food stuffs produced. This resulted in a drop in food prices which coincided with a sharp rise in cost of production supplies. The farmers began to signal the drop in profitability of agricultural production in various ways.

In response to their demands, on Wednesday (6 December), the Minister of Agriculture, Forestry, and Food Industries presented a proposal of new minimal guaranteed prices. This 'Father Christmas gift' proved to be a present from someone else's pocket. Two days later, the finance minister expressed disagreement with the proposal. This appeared the same day (8 December) on television news, followed by... a press conference of the agriculture minister during which he presented proposals for price changes. The next day, the press inserted a communication justifying the decision of the finance minister.

The farmers can claim, not without reason, that they were side-tracked or even disregarded, as a representative of the Peasants Party maintained.

The Council of Ministers will take up agricultural matters on 13 December, and in a few days, they will be one of the themes of the Sejm meeting.

The state of agriculture and the food economy and their supplies are generally known. Only 5 percent of national industry is devoted to meeting the needs of this branch of the economy. The level of mechanization in agricultural work is low, shortages in the means of crop production continue, and supplies of fodder have decreased. The inadequate supplying of agriculture together with the archaic agrarian structure (the area of the average farm does not exceed 6 hectares) decreases the efficiency of agricultural production and is one of the reasons for its high costs. This year, inflation was added to the plagues that worry the farmers, and this is a clear threat to their income.

The second half of 1989 was, however, a period of marked increase in the receipts of agricultural producers.

There was a time when the difference between the income of agricultural workers and nonagricultural workers was 114:100. Then it began to change to the disadvantage of the farmers, and at present, is 98:100.

Rapid changes in prices paid for means of production and the flexible prices of agricultural products convinced the farmers that the government has no definite economic policy with respect to agriculture, and if it does have one, it is a decidedly anti-agriculture policy.

This is an unfounded opinion. It does not take into account the difficult time in which all of Polish economy finds itself. The present difficulties can be overcome only by cooperative efforts of all social groups.

The goals of government agricultural policy remain unchanged. They are: to use economic means to stimulate agricultural production to a level that would ensure adequate maintenance of the population and fair work conditions and living conditions for the farm and village population.

Achieving these goals will be promoted by the creation of conditions for efficient functioning of the agricultural-consumer market and of the market supplying agricultural equipment. Agriculture will then be provided with equipment according to market prices in the same way that the farmers will realize the effects of their work according to market prices. At present the market mechanism in both groups of these commodities is deformed by significant monopolies in both the farm equipment market and the food processing market. These monopolies will be offset, however, by government interventions, including an adequate import policy. These actions will serve to increase the agricultural production potential and will safeguard the income of the village population.

However, an important goal of the policy with respect to agriculture will be striving toward an increase in effectiveness of expenditures provided for agricultural production. Limiting appropriations to means of production will bring about their desired reallocation, that is, the expenditures will go to the best, most efficient producers. This will mean an increase in demands with respect to the farmers, but the process of increasing demands will not pertain only to them. We may say that "parity of demands" with respect to the farm population and non-farm population will be maintained.

The government intends to intervene in the free shaping of prices for means of production and prices for farm products only should a large proportion of farms be prevented from delivering food to the market because of the high cost of the balance of prices. The government does not, however, treat the improvement of the agrarian structure as an end in itself. It is only a condition for increasing the effectiveness of expenditures and production and raising farmers' income. For the rest of the population, these changes should have the effect of moderating food costs.

The following are expected to be the instruments of government agricultural policy: a system of prices, intervening purchases by the Agricultural Market Agency, subsidies, taxes, credits, social assistance, stimulation of foreign trade with agricultural-food products, food from foreign aid, and legislative regulation of market functioning. These instruments will be presented in greater detail at the next meeting of the Sejm.

Some of the present disturbances in the food market are the result either of a deficiency in these instruments specifically or of a failure to exploit them adequately. Farmers must, however, count on a much more limited range of government intervention.

### **CEMA Supply, Payments System Blamed for Enterprises' Shortages**

*90EP0255A Warsaw RZECZPOSPOLITA in Polish  
6 Dec 89 pp 1, 2*

[Article by Tomasz Bartoszewicz: "The Bill For A Reactor"]

[Text] The difficult financial situation of many enterprises prevents them from being in a position to pay all of their bills on time. Sometimes uncollected debts lead to a state of affairs of this kind. However, there is no lack of those who are certain candidates for bankruptcy.

Many suppliers are already guarding against potential bankruptcies. More and more often, goods are sold on the condition that payments are made in cash or by certified check. After all, one bankruptcy can pull down a whole chain of others.

However, it is not possible to discipline unreliable payers everywhere. Up till now, they were able to fall behind in payments for goods imported from the First Payment Region [the CEMA countries] with impunity. This is simply a result of the general conditions of supply that are in force in the CEMA. Ruble payments for import deliveries are remitted on the basis of debt collections made through administrative documents and not on the basis of a letter of credit as is done in the case of imports made through the free exchange of foreign currency.

Thus, a paradoxical situation arises: enterprises involved in foreign trade have to pay their foreign suppliers immediately in foreign exchange, not knowing whether they will succeed in collecting zlotys from their domestic purchasers, who delay payments as much as possible, treating overdue payments as a source of cheap credit.

In some enterprises involved in foreign trade, overdue payments are already reaching several hundred billion zlotys. What is worse, it is not really known whether they will at all be able to enforce payment of the amount due for imports. Who, for example, is going to pay for the reactor at Zarnowiec? The Czechoslovakian supplier has acquitted himself of the conditions of the contract and has obtained his due in full. He is not interested in the

fact that no decision has yet been made about whether the power plant will be built.

Fortunately, for the importer, Electrim, the import costs can be charged to the general contractor, in other words, Megadex. But who will pay Megadex now that the project's financing has been suspended?

There are many dilemmas of this type. In connection with this, the question arises of what should be done in the future to avoid overdue payments for imports from the CEMA countries. It seems that we should perhaps quickly state the general conditions of CEMA deliveries, which do not at all fit our present economic system. However, this will demand agreements with our partners. Until they are terminated, foreign trade enterprises will probably be forced to apply advance payments in import.

But what is to be done with the already existing arrears? After all, the civil code states rather explicitly that goods that are not paid for are still the property of whoever supplied those goods. Thus, one simply has to repossess goods that have not been paid for from unreliable payers and sell them to the next person who has ready cash (of course, this is not a solution to the Zarnowiec affair). It will be interesting to see what kind of foreign trade enterprises will decide on such an undertaking, which will certainly antagonize many clients. However, times are hard and one may not be guided by sentiments, because one may very easily find oneself in a situation of bankruptcy.

### **Agricultural Machinery Production Held Up by Steel Shortages**

*90EP0255B Warsaw RZECZPOSPOLITA in Polish  
6 Dec 89 p 3*

[Article by (jesz): "Fewer Agricultural Machines"]

[Text] In recent months, it has been necessary more and more often to halt work at the Ursus Mechanical Works as well as at agricultural machinery plants, including the ones in Strzelce Opolskie (machines for harvesting potatoes), Slupsk (beet-harvesting machines and rotational mowers), and Plock (reaping and threshing combines). The reason is the same everywhere: shortages of metallurgic materials. Their deficit is currently estimated at 140,000 tons.

Because of the tie-ups at the factories, stocks of technical supplies for agriculture are 30 to 50 percent lower than a year ago. Thus, compared to last year, agriculture is getting 11,000 fewer tractors, 1,000 fewer potato-harvesting combines, 6,000 fewer tractor trailers, 500 fewer cultivation aggregates, and 1,000 fewer irrigation sprinklers.

The Ministry of Agriculture, Forestry, and Food Industries, when informing the secretary of the Economic Committee of the Council of Ministers about this fall in production, at the same time emphasized that only 6

percent of metallurgical production goes toward the production of tractors and farm machinery. (I myself would add that this is steel of rather meager quality. It will not, for example, withstand any comparison whatever with the materials used in agricultural machines in West Germany.) Thus, not only are there no positive results of any kind to be seen coming from industrial restructuring, but it seems to be moving in the other direction. The results of this may be very lamentable.

### Regional Press Column: Economic Reports

90EP0301A Warsaw GAZETA BANKOWA in Polish  
No 43, 47; 23-29 Oct, 20-26 Nov 89

[Unattributed weekly columns: "From the Regional Press"]

[No. 43, 23-29 Oct 89 p 6]

[Text] The Polish Housing Society has been registered. Its goal is to support social and economic initiatives to improve the housing situation of citizens and efforts to liquidate the formal and institutional barriers hampering the development of construction.

The English firm GEC which produces railroad equipment has held talks with Pafawag of Wroclaw on the joint production of electric locomotives.

The Poznan engineering and implementation partnership Alfa which began operation in 1987 with an initial capitalization of 66,000 zloty earned 34 million zloty during its first year. Last year it earned 140 million zloty. The firm's most recent initiative is a new restaurant technology plant which it started in cooperation with the Austrian firm of Schaerf International.

In Krakow, the American firm Budget Rent-a-Car has opened a lending office. The rental of a Volkswagen Golf costs \$29 a day (or 44,000 zloty) and \$0.29 a kilometer (or 440 zloty); a Mercedes 230E costs \$68 (100,000 zloty) a day and \$0.68 a kilometer (1,000 zloty). If payment is in zloty, a driver is provided gratis as a peculiar form of road insurance for the expensive vehicle.

The wholesalers and intermediaries in Poznan have organized a blockade of the fruit and vegetable market to protest letting individual consumers purchase goods more cheaply directly from the producers, the farmers.

[No. 47, 20-26 Nov 89 p 6]

[Text] The L. Teliga Ocean Yacht Shipyard in Szczecin has joined two joint ventures—one with the Swedish firm Volvo (to produce roof-mounted baggage carriers for cars) and with the Liechtenstein firm of Cort Universal Mining Establishment.

The Szczecin enterprise Unikon has formed a joint venture with West German capital. The new firm Wi-Kon Trading leases a portion of a factory building to produce standard containers and plans to start production of isothermal containers.

The Peace Invalid Cooperative in Lodz, which produces electrical equipment has received the International American Award for producing connectors for control boards. The value of the cooperative's exports equals 14 percent of production—1.5 million rubles and \$40,000 annually.

The Piotrcovia Miners' Sports Club in Piotrkow Trybunalski, an innovation and implementation unit, received the Gold Medal at the Polagra 89 Fair for production of artificial fertilizers from chimney exhausts from lignite coal.

There are 169 convertible currency exchange offices in Gdansk Voivodship, not including those in banks.

The administration of the City-Center housing cooperative in Zawiercie has been leased to a private individual. The condition for the agent to receive payment is regular performance of housing repairs within two days after the problems are reported.

In Lublin, the Industrial and Trade Society has been formed. The founders are 60 private entrepreneurs.

### Paradoxes Noted in Waste Paper Collection, Usage

90EP0255D Warsaw ZYCIE WARSZAWY in Polish  
6 Dec 89 p 1

[Article by Piotr Ceglowski: "Difficult Approach to Waste Paper"]

[Text] Only the poor can afford to be wasteful and certainly that is why we continue to throw out things in the garbage that people who are richer than us industriously put to good use. There is really no competition in this area, although of late a few firms have appeared which are engaged in the purchase of waste paper.

The OPSW [Regional Secondary Materials Enterprise] of Poznan bought a machine to bale waste paper for \$100,000. No one—with the exception of small producers—wants to buy used paper in any other form. Not long ago paper mills still set up conditions that were very difficult to meet. The demand in the country was so small that waste paper was exported to Yugoslavia for a pittance. Lately, the situation has undergone a change. Some paper mills have changed their technology (for example, the factory in Tarnowka) and are recycling waste paper. Soon the demand for this secondary material will be significantly greater than supply.

Already cardboard packing materials, which OPSW produces in Rawicz, is a difficult commodity to obtain. Large industrial plants, including the Lenin Steelworks, claim supplies of newsprint, which are put into molds in boilers.

Thus, it is necessary to increase the purchase of waste paper. However, that is dependent on the prices, which there is no way to raise, since the costs of transport and recycling are rising. In this situation, OPSW decided to

start a network of points of purchase in new housing developments. But that is difficult. Residents' committees do not agree on the proposed locations, explaining that there is a greater need for parking.

OPSW buys and recycles other materials too. Among other things, they produce a powder made from hides and manure. This product is exported to the West. It can not be sold domestically because they have not obtained a license. Instead Polish gardeners procure the powder from Holland for dollars!

### Small Breweries Proposed for Social, Economic Reasons

90EP0255C Warsaw RZECZPOSPOLITA in Polish  
6 Dec 89 p 3

[Article by (jesz): "POLPIW's Suggestion—Buy a Brewery"]

[Text] In better organized countries, beer is used in the fight against alcoholism, which is simply incomprehensible to some of our adherents of total national sobriety. In the GDR, no one is surprised at the sight of an elderly woman sipping beer from a mug in a restaurant while knitting. Because in that country a sort of Drinking Culture has developed. However, it is difficult to develop such a culture in our situation, in which a city of more than one and a half million has just five or six beer taverns. The POLPIW company, which is promoting small beer-producing facilities which can be tended by one person and can produce 300,000 liters of beer annually, has initiated an attempt to remedy continued shortcomings in this area.

The company director, Dariusz Kacperczyk, lists possible places where such facilities could be installed, "They could be in the larger hotels, restaurants, and beer taverns, and for this purpose a space of 120 square meters is sufficient."

The raw materials for such a plant are hops-mash concentrate, yeast, and potable water. The whole process of beer production is completely automated. The plant is not at all burdensome to the environment, because there is brewing vat here.

The cost of facilities of this type is determined by the value of acid-resistant sheet metal used for tanks of a different sort, the cost of installing automated systems, and the price of an imported beer filter. Together such a plant would cost 400 to 500 million zloties (in terms of prices at the end of November).

The POLPIW company can set up such a plant to half of next year. Its buyers guarantee a supply of all the indispensable installations and raw materials.

### FRG Westinghouse Offers Free Installation of Air Sampling Probes

90EP0289A Warsaw RZECZPOSPOLITA in Polish  
21 Dec 89 p 3

[Article by Barbara Cieszewska: "A Westinghouse Branch in Katowice?"]

[Text] Along with representatives of the FRG branch of the American firm Westinghouse, a completely new problem appeared in Katowice. What is happening is that we are looking for firms which want to take advantage of Westinghouse's offer to install air sampling probes in their smokestacks, i.e., devices to measure air pollution. Free of charge! As of now, there are no takers.

It can, of course, be assumed that the gentlemen from Westinghouse are not making this offer simply out of the goodness of their hearts. They are doing this as advertising, because they assume that some day we may become a good sales market for their pollution control equipment. But this kind of intention should not diminish the attractiveness of their offer.

For a long time we have been sounding the alarm that Silesia is being buried in waste. There is beginning to be a shortage of places to store this waste. Mr Doering, head of the Westinghouse-Europe office, and Mr Liebenov, his assistant and director of the branch in Frankfurt, also propose the construction of an incinerating plant in Silesia. Nonpolluting, of course, so clean that no protection zone will be required. All that is needed is a 150 by 200-meter area. This is an investment of about \$50 million. These gentlemen suggest that it be entered on the "list of agreements" between the Polish and FRG governments and their government could then grant the credit. In this case there is hope that a contract will be signed because the governor of Katowice has become interested in it.

Marek Mutka, director of Elektromontaz 2, invited the Westinghouse representative to Katowice because a few years ago his firm had occasion to work for Westinghouse in Bagdad. The companies signed something on the order of a letter of intent, in which a broad range of cooperation is anticipated. Already in January, five specialists from Elektromontaz are going to Frankfurt for 6 months. When they return they will train their coworkers in Katowice. This will be the beginning of the fulfillment of the goal which the visitors from Frankfurt set for themselves: to open a Westinghouse branch in East Europe. And they say that it will be in Katowice. Meanwhile, they have given the Elektromontaz management full authority to conduct talks with firms which would like to take advantage of the entire range of their offers. Including the free ones.

It was also suggested to the director of Elektromontaz that he establish a branch of their enterprise in the FRG. Presumably there are no formal obstacles and this would certainly make cooperation easier. The Elektromontaz directors are men of the world, but when they talk about the last proposal—to establish a firm in the FRG, they find it almost unbelievable.

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