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SDS Confirms Striving for European Integration

AU2204175092 Sofia DEMOKRATSIYA in Bulgarian 15 Apr 92 p 1

[Resolution adopted by the Fourth National Conference of the Union of Democratic Forces, SDS, in Sofia on 12 April: "Bulgaria in a United Europe"]

[Text] The Union of Democratic Forces [SDS] National Coordinating Council expresses the hope that Bulgaria will be accepted by the Council of Europe as its 27th full member as soon as possible. This act is likely to represent a serious vote of confidence for the SDS parliamentary majority and government and for Bulgarian democracy. Such an event is likely to prove that our country satisfies all requirements for membership in this prestigious European institution.

At the same time, the SDS National Conference expresses its concern about the efforts of leading circles in the Bulgarian Socialist Party [BSP] and other opposition groups to intentionally create obstacles to Bulgaria's access to the Council of Europe. The SDS warns these groups, urging them to abstain from such antinational actions, which are likely to affect the interests of the Bulgarian people as a whole.

The SDS National Coordinating Council views our country's full membership with the Council of Europe as an important step in the process of the political, economic, and moral decommunization and as a basis for the construction of a modern, civic society in Bulgaria. In this spirit and in implementing our role as a leading political force in our country, we commit ourselves to ratify the European Human Rights Convention as soon as our country is admitted to the Council of Europe as a full member, and we pledge to actively contribute, through all our political actions, to Bulgaria's integration with the European legal standards, with the spiritual and material values of a united Europe.

The road to Europe is not a new road for Bulgaria. Our membership in the Council of Europe will be no more than a homecoming after the 45-year ordeal of forced exile in the inhuman communist camp.

SDS Pleads for Helsinki Process in Balkans

AU2204181092 Sofia DEMOKRATSIYA in Bulgarian 15 Apr 92 p 1

[Resolution adopted by the Union of Democratic Forces Fourth National Conference in Sofia on 12 April: "About the Helsinki Process in the Balkans"]

[Text] Today the Republic of Bulgaria faces the historical opportunity to pursue an independent policy determined by the values that represent the foundations of our democratic world. The Union of Democratic Forces [SDS] is convinced that our political and economic integration with Europe has no alternative. This is the focus upon which the strategic efforts of our ruling political coalition should concentrate.

The Republic of Bulgaria views the promotion of a European policy in the Balkans, a policy free of all historical prejudice, as its major task. Bulgaria should maintain good-neighborly relations, based on cooperation treaties, with all states. The SDS is opposed to treating our relations with any Balkan country whatsoever on a priority basis. We support the president's and the government's efforts to promote the Helsinki process in the Balkans by applying the Helsinki mechanisms to the new postcommunist realities in the Balkan region.

The SDS advocates a policy based on the application of equal criteria and standards of international behavior. This is an important prerequisite for security in the Balkans. The SDS National Conference welcomes the decision according to which Bulgaria recognized the independence of Slovenia, Croatia, Macedonia, and Bosnia-Hercegovina. In doing so, the SDS confirmed in the eyes of the world that its government is conducting an independent foreign policy likely to turn Bulgaria into a stabilizing factor in the Balkans and Europe. The SDS National Conference is convinced that the Council of Ministers and the president will pursue their support for the efforts of the European Community in trying to solve the problems involving the Republic of Macedonia and for the initiatives of the UN in finding a peaceful solution of the Yugoslav crisis. Macedonia should not be subject to the horrendous experience of suffering that the peoples of Croatia, Slovenia, and Bosnia-Hercegovina had to endure.

Before the Balkans can become an inseparable part of a truly united Europe, the countries of the Balkan region have to travel the path leading to understanding and sincere cooperation. Bulgaria is aware of its responsibility to Europe in this respect.

Official Views Security Service Purge

AU2704062792 Sofia 24 CHASA in Bulgarian 17 Apr 92 p 6

[Interview with Nikolay Slatinski, chairman of the Parliamentary Commission on National Security, by Venelina Gocheva; place and date not given: "The Disclosure of Personal Files Is Likely To Do Away With Compromising Plots"]

[Text] [Gocheva] Mr. Slatinski, some politicians fear that the hysterical scenes that accompanied the unmasking of secret informers in the Grand National Assembly are likely to repeat themselves following the decision on granting access to personal files that the parliament is planning to implement soon.

[Slatinski] A repetition of that situation and even more dramatic scenes are inevitable, as long as we have not settled this problem once and for all, with a professional approach and on the basis of legislation. Every citizen of our country is entitled to be granted access to his personal file, and, as was done in Germany, a commission should decide whether the disclosure of documents does not affect the rights of a third person or the interests

of national security. We should very carefully examine and explain the decision on disclosing personal files in order to prevent the total disintegration at our special services. The decision on the disclosure of personal files should not disrupt our civic peace. The proposal has already been submitted to the National Security Commission. A few days ago, we submitted it to the president, the ministers of defense and internal affairs, and the chief of the National Intelligence Service. I am waiting to see the text of the German legislation on personal files because we have decided to consider its experience.

[Gocheva] How would you comment on the view expressed by R. Danov, the president's adviser on national security affairs, that not all personal files should be disclosed?

[Slatinski] I do not agree with him on this point. The disclosure of personal files is actually already in process. If we are willing to put an end to the series of compromising plots, we should take this final step. We propose that individuals who are withholding or disseminating documents, agents' reports, or any matters whatsoever related to the activities of the State Security Services prior to 13 October 1991, without being authorized to do so, should be sentenced to prison terms from 10 to 15 years, and to fines totaling 50,000 leva, unless they restore the documents in question within one month. These amendments to the Penal Code are likely to cut short the appetites of the compromising plots' manipulators.

At the recent Boyana meeting of intelligence agents, I spoke with representatives from Spain and Greece, who advised me simply to close this particular page of our history, but I am convinced that there is no ethical motivation for such an action in our country. Every day we receive telephone calls at the commission from people warning us that this or that member of the Bulgarian Socialist Party [BSP] worked in one of the special services' departments. Personal files are an effective means for people within the BSP to settle their own political accounts.

[Gocheva] Why has the BSP silently agreed with the Union of Democratic Forces [SDS] proposal on disclosing files?

[Slatinski] Some BSP leaders presumably nurture the secret hope that the SDS may be the chief target of the attack. This is the reason the opposition is remaining silent. The Socialist deputies learned their lesson from their own experience in the Grand National Assembly, where they produced the files of Sixth Deparment agents precisely at the very moment when the SDS and the opposition were under attack. The BSP was in the possession of all documents related to the secret services. Minister Sokolov repeatedly declared that the files had been "tampered with" and that our draft resolution would merely exert a moral effect. Numerous compromising files were destroyed at the time when Semerdzhiev was minister of internal affairs. People from the BSP, who are former agents of the First, Second...and Sixth State Security Departments are now boasting that they worked for the interest of the state. This would mean that the informer is a very bad individual, whereas the one who received and used his information is an honest and respectable man.

[Gocheva] Is it possible that the files may be used as a means of settling accounts with those who are currently ruling the country?

[Slatinski] Some of us may be affected, but the SDS, as a whole, has no reason to be afraid.

[Gocheva] Why do you propose that the identity of the currently active agents should not be disclosed?

[Slatinski] We cannot do without secret services. This applies in particular to foreign intelligence activities, which help us to make important political decisions and to protect our country's security. As a matter of principle, these services are working with informers. Is it really necessary to disclose the identity of an informer who reports to the secret services that a bomb has been placed on a soccer field during a game? On the other hand, however, we should no longer employ former members of the secret police who were involved with the national revival process and are still in the service. It requires 5-10 years to train an informer, and we should not risk remaining without such services.

[Gocheva] Has our intelligence service really been disrupted?

[Slatinski] As far as I know, its situation is definitely critical. Several factors are responsible for this state of affairs, such as: the total distrust of the public, the constant harassment of compromising plots, the drastic reassessment of its tasks and its reason for existence, the permanent cadre and structural changes, the old habits from State Security days, and last, but not least, the interference of incompetent, ambitious people in its work. Under such dramatic circumstances, only a legally based settlement such as the transfer of the intelligence services to the subordination of the Council of Ministers and effective parliamentary control can help it to stand on its feet and free itself of ideological dogmas and of the powerful influence of individual figures and political forces.

[Gocheva] You have warned that the president's prerogatives would be curtailed, after the bill on establishing a national intelligence administration was submitted. Who is this institution expected to serve?

[Slatinski] It should serve Bulgaria's security. The major shortcoming of the bill in question, however, is that it drastically restricts the president's rights and that he is mentioned only in one or two paragraphs as the authority the national intelligence administration, which is subordinate to the prime minister, is supposed to brief. I am quite convinced that the prime minister should be

the leader of the service in question. However, the president should be granted greater prerogatives of exerting control. It is possible that this bill may develop into a law on special services.

The National Intelligence Service has also drafted a bill, but, as you know, the presidential institution was deliberately deprived of its legislative initiative by the Constitution as a result of which the bill in question cannot be officially submitted to parliament. Nevertheless, I am ready to examine both drafts in parliament.

[Gocheva] Mr. Slatinski, the BSP refused to propose candidates for the leadership of any of the parliamentary commissions. Dimitur Yonchev was the first exception by becoming deputy chairman of the National Security Commission. How do you explain this?

[Slatinski] As a matter of fact, with the exception of the Legislative Commission, which was the first to be established, all other commissions, until recently, had no deputy chairmen from the BSP. This was a gross political mistake of the opposition, in which the hardliners, such as Lilov, Ananieva, and Videnov, are still prevailing by holding all key positions. Nevertheless, the questions of national security require understanding, and, in the best of cases, consensus should be reached between the major political forces. Therefore, I am content that the BSP embargo does not apply to our commission. It is true that some of our most radical "revolutionaries," who are convinced that the more violently you hate your opponents and the more loudly you shout the more quickly you will change the system, are already accusing me of being too soft and conciliatory, while one or two of them who are most highly excitable even hurried to concoct some insulting lampoons against me, but I am convinced that this is the correct way to proceed. On the occasion of the visit paid by a parliamentary delegation from the Council of Europe to our country and my subsequent visit to Berlin, where I delivered an address at the meeting devoted to cooperation between the West European Union and the former socialist countries, my approach, precisely—namely, the striving for resolute and uncompromising democratic changes, combined with a consistent policy of overcoming the extreme polarization in society, especially whenever national interests are involved—earned an unexpectedly high evaluation.

DUMA Discloses Court Verdict on DPS

AU2204165592 Sofia DUMA in Bulgarian 18 Apr 92 p 1

[DUMA PRESS report: "The Application for Declaring the Rights and Freedoms Movement Unconstitutional Was Rejected"]

[Text] A well-informed source announced yesterday that the application for declaring the Rights and Freedoms Movement [DPS] unconstitutional was rejected by the Constitutional Court.

Six of the Constitutional Court judges—namely, Aleksandur Arabadzhiev, Lyuben Kornezov, Milena Zhabinska, Mladen Danailov, Neno Nenovski, and Pencho Penev—defined the DPS as an unconstitutional organization. Five judges—Asen Manov, Ivan Purvanov, Nikolay Pavlov, Teodor Chipev, and Tsanko Khadzhistoychev—adopted the opposite stand. Mr. Milcho Kostov, who is ill, did not take part in the verdict.

Despite the fact that the majority of judges pronounced themselves against the DPS, the application for declaring the organization unconstitutional can be considered rejected because of one missing vote, which is required for the verdict in question. The decisions of the Constitutional Court are adopted with a majority of more than half of the total number of judges, which means that at least seven votes are required.

As is known, the case of the DPS being considered unconstitutional was brought to court at the request of deputies from the former Grand National Assembly and was confirmed and specified by parliament members from the Parliamentary Union of Social Democracy faction of the 36th Ordinary National Assembly. The initiators of the dispute justified their stand on the basis of Article 44 of the Constitution, according to which organizations whose activities are directed against the unity of the nation are outlawed.

The deputies in question recalled the unsuccessful attempt of part of the DPS leadership to register for the 13 October 1991 elections as a "Rights and Freedoms" party. As a matter of fact, on that occasion, the Sofia City Court adopted a verdict, which was confirmed by the Supreme Court of the Republic of Bulgaria, according to which the existence of such a party, based on ethnic and religious principles, was not in conformity with the articles of the Constitution and represented a breach of the Law on Political Parties.

On the basis of the aforementioned verdict adopted by the Constitutional Court, the application for declaring the DPS as unconstitutional can practically be considered as rejected. The decision is final and is expected to come into force three days following its publication in DURZHAVEN VESTNIK.

Fatherland Union Issues Program Declaration

AU2304155792 Sofia OTECHESTVEN VESTNIK in Bulgarian 20 Apr 92 pp 1-2

["Program Declaration" adopted by the Fatherland Union National Conference in Sofia on 19 April]

[Text] We, the representatives of citizens and civic formations from all over the country who participated in the First National Conference of the Fatherland Union [OS], in sharing the understanding about the necessity of a true OS devoted to the struggle for democracy and understanding in our society, once more declare our full

autonomy and our independence from all parties, political coalitions, organizations, and state institutions at all levels.

We express our resolve, through our active civic involvement and position, to work for the consolidation of a civic society in our country.

On the basis of pluralism, loyalty to the Constitution, observance of legislation, and respect for law and order, we shall defend the freedom of thought, conscience, religion, and the citizens' right of association. We categorically reject any manifestation of violence and repression against these fundamental human rights and freedoms.

We support the idea of the OS as a broad public forum for civic understanding. It is not pursuing any specific political goals or ambitions. It is striving to overcome all manifestations of alienation and hostility, for the free achievement of nationwide consensus as a basis for rescuing the people from the current grave political, economic, and moral crisis, for the motherland's sake.

Our approach to the state organs and institutions is determined both as public support and as the aspiration of exerting control, aimed at promoting respect for the opinions and interests of various strata of the population, directed against any abuse of power and against all manifestations of corruption and illegal profiteering, and aimed at our participation in the struggle against the growing crime rate.

In the current period of transition to a market economy, we insist on greater social justice and more bearable conditions for people with low incomes so that they may be guaranteed a more dignified existence. We insist on better social welfare measures and on the search for methods of improving the people's living conditions.

We are concerned about the lack of national consensus stemming from the current tense and extreme political confrontation, and we are worried about speculations with the national issue; about the pursuit of selfish party interests; about the current stagnation in the socioeconomic, legal, and spiritual reform; and about the unreliability of the participants in the reform.

Today and in the future we are resolved to work for the following goals in our comprehensive social activities as a Fatherland Union:

—For the achievement of a nationwide consensus in the name of the genuine transformation of our society on the basis of a broad civic dialogue as an alternative to drastic polarization and confrontation, for the sake of living together in greater harmony and well-being.

—For rallying the efforts of the OS's supporters and those of other civic associations or economic organizations, aimed at improving the situation of the socially underprivileged, the unemployed, and lonely old people.

—For the expansion of joint activities and permanent links to other civic formations, funds, and foundations, created at our initiative and with our participation, dealing with national problems, social protection, the implementation of nationwide and local cultural initiatives, celebrations, and others.

—For the drafting of projects and proposals in the sphere of social welfare and ecology, demographic development, the protection of children, territorial self-government, and for the organization of public discussions and debates on the aforementioned subjects.

—For the consolidation of the citizens' participation in the improvement of the environment on a local scale, for the protection of law and order, and so forth.

—For the promotion and preservation of the nation's cultural and historical heritage, of healthy national traditions and customs, for the protection and development of simple, human solidarity and virtues.

—For the restoration of the spiritual values of religion.

—For the development of good-neighborly relations in the Balkans, for the country's full and useful integration with Europe and the contemporary world, for expanding mutual relations between Bulgarians living abroad and those in the homeland, and for the categorical resistance to any foreign interference in the domestic political and social processes under way in our country.

Aktivists of the OS, citizens, we appeal to all of you to make every effort to do what you can to support all useful initiatives to the nation's benefit and to contribute with the intellect and talents of our entire people to the long-awaited social change.

Democracy is not merely a form of social administration, but also a way of living in common consensus and understanding.

Bulgaria belongs to all of its citizens and not to the parties! Real democracy should not divide people, but unite them!

BZNS-NP Position on Land Reform

92BA0690A Sofia NARODNO ZEMEDELSKO ZNAME in Bulgarian 26 Feb 92 pp 1-2

[Unattributed report: "Standpoint of the Bulgarian National Agrarian Union-Nikola Petkov on the Agrarian Reform"]

[Text] The BZNS-NP [Bulgarian National Agrarian Union-Nikola Petkov] submitted to the National Assembly at the proper time two draft bills on amending and supplementing the Law on Ownership and Utilization of Farmland (ZSPZZ) and the Law on Cooperatives (ZK), asking that our experts be invited to participate in the discussion of these draft bills by the commissions.

To this day, our experts have not been invited to participate.

The submitted draft bills were published in NARODNO ZEMEDELSKO ZNAME in its 16 November 1991 and 20 December 1991 issues. In several editorials, the newspaper explained the basic concepts included in the proposals.

What are they?

The BZNS-NP

—Favors retaining the upper limit of 300 and 200 decares of land that can be owned by any single household.

—Opposes the suggestion of the SDS [Union of Democratic Forces] on amending the 1946 Law on Labor Land Ownership.

—Opposes the use of foreign capital in acquiring ownership of farmland.

—Opposes the free sale of farmland for at least three years.

The BZNS-NP does not consider land to be a commodity because it is not produced and is not simply an object of ownership but is also national territory.

The purpose of the submitted draft bills is to enable medium and small owners to develop their entrepreneurial activities and to organize the work of their own families for the revival of Bulgarian agriculture. These qualities of the Bulgarian peasant have rescued our neglected villages in times of crises for our country. We must give them this opportunity in the present profound economic dislocation. We believe that the Bulgarian land must be preserved for use by the Bulgarian peasant. He is the only one who can turn it into a blossoming garden and secure national territory.

2. The possibility of land consolidation and the use of modern agriculture lies in developing cooperatives or companies by free private farmers, on the basis of voluntary participation.

The restored owner must be helped by equally private cooperatives for agricultural equipment and by purchasing and production cooperatives.

We support the suggestion of exempting agricultural producers from paying income tax on agricultural activities. At the same time, we suggest other specific tax and credit facilities and that the land be exempt from fees and taxes (funds invested in increasing production, the production of ecologically clean products, the building of treatment systems, the production and import of equipment, seeds, chemicals, and others).

3. The BZNS-NP favors the administrative elimination of the TKZS [labor cooperative farm] with the help of a complete legal system of laws and regulations. We have applied the experience acquired by the temporary administrations of the local authorities during the transitional period.

Proposed System for Their Elimination

Provisional administrative councils of the TKZS must be appointed to manage the farms until the land has been restored to its owners, after which the councils must be liquidated.

The provisional administrative councils will organize the appraisal of the shares of the owners within the TKZS property. Along with returning the land to its owners, they will return the share of real estate and machines owned by the farms. We have proposed a system for the use of such property and machinery in the interest of and to the service of the owners.

We have suggested a fast legal procedure for restoring to the owners the property that was sold for virtually nothing by the TKZS *nomenklatura.*

To ensure the fast legal liquidation of the TKZS's, we have submitted to the National Assembly a draft law amending the Law on Cooperatives. Such a law should be passed, along with amendments to the law of farmland ownership. The current Law on Cooperatives allows the TKZS's to be converted to cooperatives without the owners being able to freely express their wills about how their land should be managed, for we know that the TKZS *nomenklatura* is strong and organized; many mayors are supporters of the BSP [Bulgarian Socialist Party], and such people will continue to suppress and manipulate the peasants.

Unless the amendments to the Law on Ownership of Farmland are made simultaneously with amendments to the Law on Cooperatives, there will be a conflict between the two laws, and legal, judicial, and administrative disorder and chaos will follow.

Here is something else the BZNS-NP demanded with its electoral program: The Council of Ministers and the local executive authorities must restructure the economy by giving priority to the food and processing industries. Monopoly in purchasing and processing farm produce continues to cause severe harm to the peasants and to frighten them and make them lose their confidence.

4. On the subject of Paragraph 4 of the Law on Ownership of Farmland, we have submitted proposals in which we have tried to take into consideration the conflicting interests of the former owners and the present holders of the land through a differentiated approach, that is:

—That conscientious farmers be provided with the opportunity to become owners under two conditions: that the land was legally built up or that construction was legalized, and that they had paid the township for the land at prices determined by the Council of Ministers.

Undeveloped land or land for which payment has not been received within the stipulated time is to be returned to its owners if they are physical persons and have requested it. Improvements, including temporary buildings, are to be paid for on the basis of a mutual agreement or court rulings. Until payment has been made, the farmer has the right to hold on to the property.

Social Democrats Criticize Privatization Bill

AU2304160792 Sofia SVOBODEN NAROD in Bulgarian 17 Apr 92 p 2

["Viewpoint of the Executive Bureau of the Bulgarian Social Democratic Party on Privatization and Bulgaria's Future"]

[Text] The Bulgarian Social Democratic Party [BSDP] has informed the public of its concept on the economic reform and privatization in the general process of the country's decommunization. It is sufficient to mention the principal documents—namely, the BSDP Political Declaration and Program adopted at the party's 38th Congress.

As early as October 1990, the BSDP parliamentary group in the Seventh Grand National Assembly was the first to submit its draft law on privatization, which was accepted by the Economic Commission. Subsequent events in the spring and summer of 1991 thwarted the bill's adoption and thus delayed the economic reform for a whole year.

We take note of the fact that, at long last, parliament is engaged with the draft law on transforming and privatizing state and municipal enterprises. We assess this as a positive step but find that the bill contains major shortcomings that will cause it to become a source of tension.

First, the bill envisages that privatization will mainly be carried out through the sale of stakes and shares. This will benefit a section of the population that has accumulated speculative capital during the economic crisis, consisting of representatives of the former communist *nomenklatura* and speculators who have recently become rich. There should be a procedure for providing proof of the origin of their capital, and measures should be taken against the "privatization under the table" that is taking place. We regard as a positive feature the percentage to be allocated for social security, as well as the allocations of shares to the workers in enterprises undergoing privatization, which should be increased in order to arouse real economic interest. The shares of employees of enterprises should not be nontransferable, to enable the owners to dispose of them freely on the market. They should also have a right to participate in managing the enterprise's economic activity. Opportunities should also be provided for those engaged in production who do not possess sufficient financial means to take part in the privatization, by the granting of interest-free credits, vouchers, management contracts, and licenses.

Second, with the existing high interest rates on credit, our fledgling private business will be unable to participate in the privatization. No preferences are envisaged for Bulgarian investors. Privatization will take place slowly and with difficulty, and there is a real danger that ownership of the country's main production facilities will change hands at knockdown prices to repay the foreign debt.

Third, it is planned to carry out the privatization in a centralized bureaucratic manner, with reference to a multitude of subsidiary legal documents—codes of regulations, orders, and instructions that will create opportunities for different interpretations, administrative willfulness, and corruption.

Fourth, there are no provisions for the privatization of bank capital. Moreover, the amalgamation of the state banks is establishing the state monopoly in the economy and blocking the mechanisms of competition.

The BSDP Executive Bureau advocates making appropriate corrections to the draft law for transforming state and municipal enterprises. In its present form, it steers privatization and the entire economic reform toward a peculiar kind of bureaucratic and speculative redistribution of the national wealth that has nothing in common with the contemporary civic society and its economic structures.

If this is not done, the political forces represented in parliament will bear the entire responsibility for deflecting the democratic changes in Bulgaria from their course and compromising the reforms.

11 April 1992
BSDP Executive Bureau

Legislators Avoid General Accounting Office

92BA0685A Sofia 168 CHASA in Bulgarian 25 Feb 92 p 8

[Unattributed article: "National Representatives Give Chamber of Accounts a Wide Berth"—first paragraph is 168 CHASA introduction]

[Text] Without such an independent organ, the Cabinet, parliament, and society are forced to accept with brave trust every figure and word by the reformists.

Last week in parliament, a discussion flared as to how to proceed with the president's delayed veto of laws that had been passed. The speakers cited the law called "Stefan Neshev," named after the chairman of the Commission for the Defense of Competition.

But no one wanted to think about the first law returned by presidential veto—the Law for the Chamber of Accounts. Passed on 2 October, the law lay in folders. And it will probably remain there the entire three years (the effective period for the delayed veto) because it is not on the deputies' agenda.

In this way, Minister Ivan Kostov ensured the role of the unforgettable Golemanov: "Minister—over you and heaven." He was one of the originators of the law as chairman of the Economic Commission of the Grand National Assembly but became its chief opponent as soon as he assumed the ministerial post.

The Chamber of Accounts was supposed to control, as an independent organ, the collection of state revenues and the spending of budgetary funds; to watch for adherence to financial and accounting discipline; to examine the state debt and the method of spending budgetary funds for enterprises and townships; to study the interrelations of the Bulgarian National Bank and granted credits and their use, the condition of public insurance funds, the results of privatization, and so forth.

Without the Chamber of Accounts, the Cabinet, parliament, and society are forced to accept with brave trust every word, figure, and argument of the distinguished reformers of the system. Without it, the nation will not know what collected taxes are being used for, how much its debts have increased, where the money flows like a river, and where it trickles drop by drop. Without the Chamber of Accounts, one will never know how much the national representatives are spending and what the actual maintenance for ministers from extrabudgetary expenditures is—for example, for a recent family weekend for one of these very reformers in the governmental complex in Velingrad or the trips to some other places in the world.

In the whole world, only the former socialist states did not create chambers of accounting. Of the socialist states, only Bulgaria did not include the organizing of this chamber among the urgent tasks of reform, despite the fact that international financial institutions, which are financing us, require the existence of such an independent control organ.

In modern and flourishing Germany, this organ has a nearly 250-year history. In traditional and conservative Great Britain, the chamber's president, John Born, was knighted by the queen. Not one finance minister in Bulgaria has managed to earn such an honor.

But then, in our nation, Ivan Kostov won the title "Economist of the Year"—awarded by a publication in recognition of his work.

Podkrepa Union Ready To Work With Government

AU2404184192 Sofia DEMOKRATSIYA in Bulgarian 18 Apr 92 p 2

[Article by Lyuba Paliyska]

[Text] At a special news briefing on 17 April, Plamen Darakchiev, leader of the Podkrepa National Trade Union, stated that the union is tolerant toward its political partner, the Union of Democratic Forces. A declaration by the union's Executive Committee assesses the government proposal for liberalizing prices as dictated by reality. It approves the Cabinet's desire (supported legally by the amendments to Decree No. 56) to stop the attempts by speculators to increase the prices of essential goods. The declaration criticizes not the government's intentions but its lack of contacts with most of its social partners. It is evident that the Podkrepa National Trade Union would never turn its back on the chance of dialogue on an equal basis, as the Confederation of Independent Trade Unions in Bulgaria and the Podkrepa Labor Confederation did by their unilateral decision. The Podkrepa National Trade Union has the ambition to return to the roots of trade unionism. It is hoped that, in an eventual dialogue with the government, the arguments underlying the unpopular but unavoidable measures will become a basis for real social peace.

Trade Unions Issue Memorandum on Wages, Pensions

AU2404190592 Sofia DUMA in Bulgarian 21 Apr 92 p 1

[Article by Ekaterina Popova]

[Text] In a joint memorandum on social protection of incomes following the latest price shock, the Confederation of Independent Trade Unions in Bulgaria and the Podkrepa Labor Confederation propose a minimum wage of 1,100 leva as of 1 May. The trade unionists consider that the minimum pension should be 800 leva, and the compensation payment for children's allowances should be 200 leva. The calculations are made on the basis of the new minimum monthly subsistence level, which the trade union experts believe should be 1,830 leva, based on an annual inflation rate of 100-115 percent.

The memorandum was signed on 20 April and sent to the president and the chairman of the National Assembly. In four days' time, it will also be presented in Prague, at a meeting of representatives of European governments and trade unions.

The leaders of the two trade union confederations are ready to discuss possible changes to the budget demanded by their proposals in a legitimate national council for social partnership.

Decline in Arable Land Complicating Restitution

AU2304133092 Sofia BTA in English 1218 GMT 23 Apr 92

[Text] Sofia, April 23 (BTA)—Under the amended version of the Agricultural Land Tenure passed by parliament, the land will revert to those from whom it was confiscated in the years of forced collectivization and organization of large collective farms modeled after the Soviet kolkhozes. However, there will hardly be enough land for all the owners, and, besides, most of the land has been degraded after 47 years of collective farming.

Statistics show that the per capita amount of arable land in Bulgaria has decreased from 0.9 to 0.45 hectares. There were 4,788,300 hectares of arable land in 1929, 4,652,900 hectares in 1970, and 4,642,700 hectares in 1990, which means that 140,000 hectares of arable land have been lost. These figures are not quite accurate, either, because, in the past 15 years, 140,000 hectares were used for the needs of industrial construction. Another 1,300,000 hectares were swamped, and 50,000 hectares were superficially water-logged. Field areas were estimated at 4,300,000 hectares in 1929, 4,050,000 hectares in 1970, and 3,293,700 hectares in 1990—i.e., a total loss of 500,000 hectares.

Apart from quantity, the quality of arable land has changed substantially, too. Over the past decades, the basic agrotechnical laws have been disregarded in the overwhelming "big-is-beautiful" drive for record-high yields. Crop rotation was almost entirely abandoned. Instead, the bright prospects of continuous cropping were widely publicized. As a result of the unscientific land cultivation and continuous cropping, over 72 percent of the arable land has been eroded to various degrees. Water erosion alone affects 100 million tonnes of fertile soil annually, stripping 37,000 hectares of land of a 25-cm humus layer.

The extensive use of fertilizers over the past years boosted yields but gradually polluted the soil. The excessive use of nitrate fertilizers led to the quick oxidization of the soil and, hence, to disastrous consequences for Bulgarian agriculture. The acidity of over 48 percent of the arable land is below 5.6. Under such conditions, the yields of certain crops drop by 50 to 60 percent. A steadily increasing amount of land is contaminated with heavy metals, nitrates, and pesticides.

Future owners should know the quality of the land that will be restituted to them. They should know its agrophysical and chemical properties in order to be able to introduce a science-based type of agriculture, so that the land of Bulgaria can feed all Bulgarians.

Calfa Criticizes Pithart's Handling of StB List

AU2304160392 Prague TELEGRAF in Czech 22 Apr 92 p 2

[Report by "jak" and "vk": "They Should Continue...."]

[Excerpt] [passage omitted] According to Federal Prime Minister Marian Calfa (Civic Democratic Union), the prime minister should avail himself of a set of information that the director of the Federal Security and Information Service [FIS] deems to be essential for the execution of his duties. "Every prime minister receives daily a set of information from intelligence services. I therefore do not understand why Mr. Pithart deemed it necessary to make one such piece of information public. After all, the FIS is obliged by law to provide information about matters that it considers to be important from the viewpoint of state security. I therefore cannot condemn the FIS for providing information that it considers to be essential to the appropriate officeholders. Rather, one should ponder how the recipients handle this information. I receive heaps of information from the FIS but I am not going to make it all public," Marian Calfa added.

The list of positively screened journalists [presented to Czech Prime Minister Pithart on 17 April] contains only the names of those agents of the now defunct State Security Corps [StB] who are members of the Czech Syndicate of Journalists. Commenting on this fact, Federal Assembly Deputy Jan Mlynarik said: "I consider the list to be very patchy as it contains only the names of agents of the former StB. It does not mention StB staff officers who currently demonstrably occupy leading positions in some dailies and journals. Getting hold of their names is substantially easier than obtaining the names of StB agents by means of screening because StB officers and all StB employees were registered with the First and Second Administrations of the National Security Corps and information about them can be requested from the Federal Ministry of Interior. [passage omitted] Slovakia, in particular, should be subjected to a thorough examination. The fact that everyone in Slovakia is so vehemently opposed to screenings has rational motives. After all, there are even some ministers whose past is not clean. The press in Slovakia looks accordingly. All chief editors, department heads, and important domestic policy reporters ought to be screened," Jan Mlynarik added. [passage omitted]

Slovak Writer on Dangers in State's Breakup

92CH0454B Prague RESPEKT in Czech 22 Mar 92 p 2

[Article by Boris F. Lazar, Federal Ministry of Interior: "Between Utopia and Civilization; On the Czechoslovak Position"]

[Text] I am one of those Slovaks who has no intention of living in an independent Slovak state. The reason is simple: This state offers me neither more civil liberties nor more economic prosperity than does today's Czechoslovak state.

My father did not like Czechoslovakia. He was a citizen of the Austro-Hungarian Empire, he spoke all of the languages of the monarchy and perceived the advent of Czechoslovakia as something which was restricting his entrepreneurial and human opportunities. He was a cosmopolite. Hitler, much like today's Slovak nationalistic press, perceived this concept as something pejorative.

Actually, I have the same view of the situation as my father had. I shall perceive an independent Slovak state as my own pauperization. Perhaps I am only a conservative. I have become accustomed to consider the entire Czechoslovak territory as my home: from As to Cierna nad Tisou.

I grow tired of today's constitutional discussion between the Czech and the Slovak representation. I fail to understand how the elites of two Central European nations can, with a straight face, be haggling over a federal two-part communal state with confederate elements.

With the exception of the former GDR, the original division of Europe into east and west persists. In the east, there is an ongoing disintegration process which is the exact antithesis of the integration for which the European Community is striving. The Hungarian writer, G. Konrad, recently expressed himself by saying that he sees no democratic method of preventing the disintegration taking place in the east.

From the security standpoint, the advent of small, economically not self-sufficient nationalist ministates represents the future of border change in Europe. The policy of confrontation has been replaced by a policy of instability, the result of which can be a new Iron Curtain which, this time, however, would be lowered by the West.

Following the demise of the so-called second world, the countries of the former Soviet Bloc are deciding between the so-called first world and the Third World. The frequently cited statement by Klaus that "every third way leads directly to the Third World" indicates that the minister of finance is aware of this fact. It is noteworthy to see how consistently this dilemma is being denied by the Czech left.

In the West, a so-called two-thirds society has become stabilized: Two-thirds of the citizens are prospering, whereas one-third finds itself on the margins of poverty and is practically excluded from all social events. The economic transformation, which is supposed to bring a market and "Western conditions" to the postcommunist countries, will have an impact similar to that caused by industrialization in its time: At a minimum, one-third of the citizens will lose ground and social securities which were provided by the communist regime, all of us, without exception, will lose.

One of the most dangerous illusions in postcommunist society was the illusion of general prosperity which was supposed to set in following the velvet revolution. Actually, what was involved was the realization of communist utopia, which was supposed to become a reality as a result of the fall of communism.

Not only shall we never achieve this state of prosperity, but if we wish to prevail in competition with the West, we must become familiar with a mode of conduct which is customarily characterized as "asocial" more or less without exception. It is not certain whether postcommunist society is more afraid of modernity, of a systems approach to thinking, of the working pace of the West, and of the need to constantly increase one's qualifications, than of poverty.

An alternative to Western society, social inequality, and many insecurities, is a leveled society of general poverty. By the way, none of the leftist press issued a call for this kind of society more clearly than it appeared in the pastoral letter of the Slovak bishops: "If we are to suffer the consequences of communist management, let us all suffer equally."

We are deciding between the East and the West. Between messianism and realism, between utopia and civilization. In these connections—and not only in the purely historical context—the Czechoslovak position should be defined.

The Czechoslovak Concept

In the first place, it is impossible to agree to have the word Czechoslovak replaced by the word federal. Similarly, it is not possible to acquiesce to the concept put forward by Petr Pithart and Vladimir Meciar, who decided to forge this concept "from below"—in other words, let the expression Czechoslovak retain only those attributes which are immaterial to either the Czechs or the Slovaks. The expression Czechoslovak must depict a new quality which cannot be delegated from below, which did not come into being merely by connecting the Czech with the Slovak, but unequivocally transcends them. The same is true also of the Czechoslovak state. This state can have meaning for the Czechs and the Slovaks only if it provides them with a quality that cannot be achieved either in a Slovak state or in a Czech state. The positive experience of the Czechoslovak state lies in the fact that it was a multinational and multicultural state. The mental difference between Czechs, Slovaks, Hungarians, Ukrainians, Germans, and Jews was not only the source of conflicts, but also the source of inspiration. Without this positive experience, the future of Central Europe is unthinkable: As Wolfgang Schaeuble recently reminded us, it is impossible to arrange this area without genocide in such a way that only nationally pure states would exist in it. The expression Czechoslovak in today's context primarily means Central European, in other words, a term which transcends the imminent national experience of Czechs as well as Slovaks.

It is necessary to differentiate between historical experience and historical mission, the latter term being so popularly used by nationalists and for which they demand sacrifices from their people. The relevant historical experience of the Slovaks and Czechs lies in the fact that each time when disintegration prevailed in Europe over integration, and each time that controversial national interests and passions dominated, we were only the certifiable object of history. European integration reflects the most essential interests of the Slovaks and the Czechs, its failure would mean an end to our freedom and sovereignty.

Today, the Central European position does not represent an effort to preserve the Czechoslovak state at any price. Primarily, the reasons for preserving this state cannot be negative: fear of the Germans and Hungarians. It would be similarly unacceptable to preserve the Czechoslovak state at the price which would call for the assertion of a leveling trend and at the cost of our becoming a bridgehead to the Third World in our fraternal concordance.

Much depends on the extent to which we realize that, for purposes of orienting oneself in the world of today, neither the Czech nor the Slovak national experience is enough. The all-national demonstration in Bratislava against the Czechs and the beginning all-national demonstration in Prague against the Germans indicate just the opposite for the time being.

Kalvoda on ODA, Nationalism, Screenings

92CH0454A Prague TELEGRAF in Czech 31 Mar 92 p 3

[Interview with Jan Kalvoda, deputy chairman of the Czech National Council and chairman of the Civic Democratic Alliance, by Jaroslav Kafka; place and date not given: "I Am Envious of J. Carnogursky...."—first paragraph is TELEGRAF introduction]

[Text] On the occasion of the Fourth National Conference of the Civic Democratic Alliance [ODA], Jan Kalvoda, deputy chairman of the Czech National Council, was elected to the position of chairman of that party. On this occasion, we requested that he grant us a brief interview.

[Kafka] Mr. Deputy Chairman, one frequently hears the views that the ODA actually has a program which is very similar to the ODS [Civic Democratic Party]; representatives of the OH [Civic Movement], on the other hand, claim that there is not much difference between the OH and the ODA; where, then, does the ODA stand?

[Kalvoda] It is noteworthy to see how many parties claim that they have an election program which is the same as ours without, I feel, having seen it (I mean by this the OH and the ODS). We support continuation of the economic reform, however, our election program is not indifferent toward some of their blind spots. If the ODA states that it is augmenting the reform by the addition of new elements, then that is something other than if that is

heard from the side of the OH. We do not desire any correction of the fundamental pillars of reform. It is true that a large part of our program is devoted to the social aspects—we must react to the fact that the left and the OH criticizes the rightist parties for being carried away by the reform and for ignoring the social sphere. I consider it to be self-evident that the social functions of the state and of the communities are not something that cannot begin to function until there is money available. This is a matter which must be part of the economic reform.

[Kafka] The head of the government of the Slovak Republic, Jan Carnogursky, stated last week in Prague: "Under certain circumstances, I understand nationalism to be a positive idea." Do you think the same?

[Kalvoda] I would be very sorry to see the existence of this state come to an end on the basis of theological or philosophical considerations. Naturally, I believe just the opposite. I consider positives to be patriotism, the relationship between the citizen and his state, a sort of higher level of identification of the citizen with the state. It was this which, among others, was completely turned upside down during the previous era. The citizen perceived the state to be like some enemy and foreign entity. I am certain that the balanced relationship between the citizen and the state, all the way through a certain degree of patriotism, are positive, desirable, and normal emotions. I would categorize nationalism as a kind of political misuse of any kind of relationship between the citizen and his nation and a certain type of ethnicity. I do not consider it to be a positive aspect, nor an aspect intended to promote the existence of the state; its consequences are always bloody. I envy Mr. Carnogursky for his courage, when face-to-face with the events in Yugoslavia, Russia, and Moldova, to pass this European development off as a trend of nationalistic renaissance. This is a totally antagonistic conflict between the majority Czech policy and the position taken by the above-mentioned gentleman.

[Kafka] Many politicians believe that an instrument for the effective coming to terms with the past is represented by the across-the-board publication of the register of files of the former StB [State Security]. Do you agree with the application of across-the-board lustration measures?

[Kalvoda] On this question, the ODA does not have a unified view, but the majority—and I identify with them—have a negative attitude with respect to across-the-board lustration. It is a principle which is broad in its consequences and therefore unjust; moreover, it is socially very inefficient. If we have embarked on the path toward a state of law and the constitutional opportunity to reexamine any kind of act committed by the state against a citizen, then those across-the-board lustrations, following their realization, would become the target of hundreds of thousands of verification court proceedings. This would lead to results which would cast doubt upon the entire principle of lustrations.

[Kafka] Recently, the public found out the names of several traitors who, however, in the opinion of the Office of the Prosecutor General of the CSFR, cannot be prosecuted because the statute of limitations has expired with respect to their criminal actions. In your view, would it be correct to adopt a law which would contain an element of retroactivity?

[Kalvoda] Retroactivity is not an acceptable element of the legal system. I do not believe that prosecution decisions involving cases in which the statute of limitations has lapsed should be made by the prosecutor. What is desirable is for the court to make such decisions. Crimes committed by prominent personalities of the former regime can be prosecuted and should be prosecuted without having to codify retroactivity. Despite the fact that the Constitution as well the criminal law charge our judicial organs with taking into account the circumstances which indicate that criminal actions were engaged in, nothing of the kind occurred in this country. This was one of the greatest mistakes; had it not happened, it would have been possible to achieve a certain degree of social reconciliation.

[Kafka] What is your opinion regarding the image of the abortion law? Should it be more stringent or more liberal?

[Kalvoda] This is juggling ideologies, irrespective of whether we are dealing with a church ideology or another kind. I am convinced that making the abortion law more stringent and restricting the woman's decision as to whether or not to undergo an abortion will not, in fact, lead to a lower number of abortions, nor will it accomplish any other goals which these laws pursue.

Zieleniec on ODS, Alliances, Restitution

92CH0453A Prague RESPEKT in Czech 22 Mar 92 p 7

[Interview with Josef Zieleniec, deputy chairman of the Civic Democratic Party, by Vladimir Mlynar; place and date not given: "Conflict With Us Means Endangering the State"—first two paragraphs are RESPEKT introduction]

[Text] Josef Zieleniec was born in Poland in 1946. He completed his studies at the Advanced School of Economics in Prague and, in doing economic research, worked on the application of mathematical methods. At the Economics Institute of the Czechoslovak Academy of Sciences, he led a seminar which prepared an analysis entitled "Czechoslovakia at the Crossroads," where, for the first time, the economic reform with the aid of privatization was outlined.

After November, he became head of the Center for Economic Research and Postgraduate Education at Charles University; he was one of the founders of the Civic Democratic Party (ODS). He is the chief of the advisory group which worked out the political and election program of the ODS. At the last congress of the

party, he was elected to be its deputy chairman. It is said that he is the second person in the ODS—a sort of power behind the throne.

[Mlynar] At the last congress of the ODS in Plzen, it was said that your party requires 24 million korunas [Kcs] per year. Where do you get so much from and how will you finance the election campaign?

[Zieleniec] There are many rumors in circulation as to how much money the ODS has and who is financing it. The truth is that our sources of financing are similar to those of the other parties. When Civic Forum broke up, we received several millions of korunas which the movement had obtained for election purposes. The ODS does not have many employees and this money is sufficient for us for the time being. We are also receiving contributions from individuals and, naturally, also from party members. Moreover, someone will, for example, lend us a fax machine or a Xerox machine, will broker services for us, etc. The ODS does receive some assistance from abroad, but it is, for the most part, substantive or consultative assistance, but not financial aid. We do not have any economic facilities and we oppose the financing of political parties by the state.

I do not know exactly what our election campaign will cost us, but it will not be more than Kcs20-30 million. We shall be acquiring the money within the framework of the possibilities outlined in the law. We shall also make use of bank credits on the basis of the anticipated election results.

[Mlynar] According to the election law, a voter can make use of preferential votes. The candidates of your party have allegedly pledged that, in the event the candidate list were to contain the name of some important member of the party leadership, they will give up their mandate as delegates in his favor....

[Zieleniec] No, nothing like that is true. The selection of candidates for the parliamentary election was not handled as democratically as was the case with us, and without any kind of incursion from the center, by any other political party. Everyone, including Vaclav Klaus, had to be elected by a local gathering, then by the regional congress, and, finally, by the kraj evaluation round, involving the okreses of a single kraj, where the sequence on the list of candidates is determined. The Executive Council only has the right to intervene regarding the sequence on the list of candidates.

[Mlynar] How does your program differ from that of the other Czech rightist parties, specifically from the program of the Club of Nonaligned Activists [KAN] and from the Civic Democratic Alliance [ODA]?

[Zieleniec] Today, there are forces facing each other who wish to restore one or another form of socialism, and forces which are asserting the democratic transformation of society. The agreement among the rightist forces to form a coalition or at least to conduct a joint campaign is, thus, very important and can be of historic significance.

The KAN is a party which places emphasis on coming to terms with the past and this also dominates its program. The ODS does not neglect this aspect, but places the main emphasis on a positive change in society and the economy. Vaclav Klaus frequently compares this to an automobile with a rearview mirror. A look back is important so that the vehicle can be safely controlled, but the main thing is to look forward. The rearview mirror cannot obscure the view ahead. The difference between the ODS and the KAN is in the proportion in the size of the windshield and of the rearview mirror.

Another example is the ODA. I believe that it has essentially the same program as the ODS. That is why we also have the same circle of voters. Paradoxically, it is the biggest problem in negotiating regarding a coalition. It would be best if we were able to come to agreement. We are trying, but there is the well-known problem of the personalities on both sides. In the long run, I think that it is untenable to have two parties in existence with the identical program. Even if no agreement were to be reached by the time the elections are held, we shall propose to the ODA that we proceed jointly in the election campaign.

[Mlynar] Which parties and movements in our political scene do you consider to be possible preelection and postelection partners? With whom is collaboration out of the question?

[Zieleniec] We have concluded a coalition with the KDS [Christian Democratic Party] and we shall cooperate with the ODA and the KAN. I believe that we need not, in all aspects, conduct a campaign against the CSL [Czechoslovak People's Party]. In Slovakia, we have close ties with the Democratic Party and with the Hungarian Civic Party. Cooperation is also possible with the VPN [Public Against Violence] and possibly also with that portion of the KDH [Christian Democratic Movement] which is represented by Mr. Carnogursky. The specific election programs of the individual parties will be what will matter. Coalition or any kind of cooperation is out of the question with the left, of which we also consider the Civic Movement [OH] to be a part.

Quite another matter is postelection cooperation. In principle, this is possible with anyone other than the communists. What will matter here most is specific individuals. There are also parties which may not acquire any seats in parliament and which have high-quality personalities. Without regard to the election results, we shall collaborate with such people as V. Dlouhy, T. Jezek, J. Kalvoda, or perhaps presidential adviser Sasa Vondra.

[Mlynar] Is your postelection collaboration with the HZDS [Movement for a Democratic Slovakia] realistic?

[Zieleniec] In terms of election program, there is a wide gap between the HZDS and the ODS. Of course, they are connected on the basis of a certain type of responsibility because they are the two strongest parties. The very fact that it is possible for the HZDS to win in Slovakia and for the ODS to possibly win in Bohemia still does not mean that we should throw a bomb at the republic. We shall negotiate with everyone who will mean something in the political sense. This is why the ODS also put in an appearance in Slovakia. We have thus far not negotiated with the HZDS, but if there are going to be any kind of negotiations after the elections, they will be led by the ODS program for our part, a program from which we shall not deviate. We are a party of principles which does not maneuver solely for the purposes of acquiring power.

[Mlynar] During the election campaign, it is possible that polarization into a left and a right bloc could occur. Would such a method suit you or are you more in favor of a consenting model of any future collaboration between the right and left bloc, much like the CDU [Christian Democratic Union of Germany] and the SPD [Social Democratic Party of Germany]?

[Zieleniec] I must repeat again that this depends on the specific party programs which are thus far not known. We are a party which is functioning within the government and so it is perhaps clear that we are capable of a sensible compromise. In view of our strength, a confrontational conflict represents a threat to the future of the state. That is why, after the elections, we shall go to the limit in the negotiations regarding the formation of a government which is still acceptable to our citizens and our voters.

However, at the federal level, there is the danger that the left, thanks to a substantial victory in Slovakia, will be capable of forming a federal government by itself. If we were confronted by the choice of permitting the return of socialism or partitioning the state, the ODS is determined to insist on the immediate proclamation of a referendum in the Czech Republic regarding the continued existence of the federation. Personally, however, I do not consider such a development to be terribly likely.

[Mlynar] What changes would you make, for example, in foreign policy in the event your party were to be victorious in the elections?

[Zieleniec] We consider the present foreign policy doctrine to be inappropriate and unsuitable and, therefore, we would undertake certain changes in that respect. We would unequivocally orient ourselves toward exclusive integration with the Western world—economically, politically, and militarily. We would not place so much emphasis on postcommunist groupings, the so-called central European troika, or the hexagon theory. We would cease placing Czechoslovakia in the position of being a bridge between the East and the West.

This does not mean that we will be opposed to good relationships with our neighbors. But the notion that prior to "entering Europe" we would have to integrate with Poland and Hungary is wrong, in our opinion. It brings about a status under which we would be integrating our weaknesses and would be expected to enter Europe only after all of us have eliminated them. This concept has delayed our being accepted as a member of West European civilization with full rights and, we believe, it is an erroneous concept. A similarly irresponsible step was the Czechoslovak proposal for the simultaneous eradication of the Warsaw Pact and of NATO. In the eyes of the West, we have become unreliable as future allies. The fact that the acquisition of security guarantees or membership in NATO is, at present, so far removed is, to a considerable extent, the result of our ambiguous policy with regard to the West.

[Mlynar] How do you regard restitution and the so-called debolshevization?

[Zieleniec] We definitely do not wish to go back with restitution to a time prior to 1948. As far as the so-called debolshevization is concerned, you will not find this word in any of the program documents of the ODS. Our party has already proposed the across-the-board publication of the names of employees and agents of the former StB [State Security] and we would also hue to this, provided we shall acquire a decisive majority in the future parliament.

[Mlynar] You would not undertake any additional steps other than across-the-board publication of names?

[Zieleniec] The party has no official view regarding this question. However, as well as I know the ODS, I believe that we would not go further. This has to do with that about which I already spoke: We want to look ahead.

[Mlynar] We must clearly anticipate that revenues to the state budget will decline next year and, at the same time, there will be growing pressure for state expenditures. It is possible that there can even be a budget deficit. How would the ODS solve such a situation?

[Zieleniec] The ODS prefers low taxes and, at the same time, minimum state expenditures. We shall attempt to limit expenditures for state administration to the maximum extent possible and to eliminate subsidies. Of course, we shall also do all we can to see to it that revenue for the state budget does not decline—in other words, to see to it that enterprises are capable of paying taxes.

In this respect, privatization will play a big role. It will create the resources which should help maintain a balanced state budget until the end of the year. As of 1993, we will have a new tax system, which is currently used in Western countries. The value-added tax [VAT] will clarify the entire process of collecting taxes and will make it possible to collect far more revenue than the existing system of sales taxes. After a certain time, the revenues to the state should, therefore, rise, even given today's level of production.

[Mlynar] The delegates of the ODS are among the key critics of the work performed by the Legislative Council of the Federal Government. However, your party contains only very few lawyers. In the event of an election victory, you would clearly have a certain shortage of capable legislators. How do you intend to deal with this?

[Zieleniec] Yes, there truly are not any lawyers in the ODS who have the experience of already having written three socialist constitutions. However, I reject the claim that we lack capable lawyers. The ODS not only has such people as Mr. Toman, Mr. Houska, or Minister Novak; we have other lawyers: for example, Messrs. Stoma, Kovar, Sedivy, or Mrs. Marvanova. They can always compete with Mr. Rychetsky.

[Mlynar] In conclusion, a personal question. In the circles of your political adversaries, you have a reputation of being the person who broke up Civic Forum because he does not like former dissidents. What do you think of people from the Charter 77 environment?

[Zieleniec] Civic Forum would have disintegrated even without me; if I did contribute to that factor, however, then I did a good piece of work. Civic Forum had its historical mission, but prolonged its existence beyond the time necessary for the creation of democracy. It became the refuge of people who did not wish to have their positions subject to control from below.

It is not true that I "do not like dissidents." I have and had a number of friends among them and a number of them are also active within the ODS. There is, however, one problem: What is the significance for today and for tomorrow in the fact that someone was a dissident? I am convinced that society cannot function if the selection for people to administer the state is handled in anything but a democratic manner. I reject the proposition that the legitimacy of holding a certain office be based only on the fact that someone was in open opposition to communism. A number of people who were successful dissidents and did much for this country lack the qualifications for the positive building of the state. To be in opposition to totalitarianism requires strong moral integrity, bravery, but also a gravitation toward resistance and destruction, albeit of bad things. In addition to morality, the building of the state calls for more or less clerical inclinations, as well as the ability to deal with people, both of which characteristics are boring to me and entail other views.

Last, but not least, there is one more matter here. Dissent was based on the solidarity of the "powerless." Without that, it would have been destroyed by the communists very rapidly. Solidarity in state administration, however, leads on the direct path to favoritism and chumminess and is, therefore, unacceptable to me. Life in the opposition led to the notion that it is possible to unite people even if they have contradictory views, as long as they are Democrats. However, this only functions as long as there is a totalitarian adversary. If we transpose this state of affairs into conditions of freedom, this can lead to the stifling of democracy.

Government Withdraws From Iron Ore Project

AU2104193992 Prague HOSPODARSKE NOVINY in Czech 17 Apr 92 pp 1-2

[CSTK report: "Stop to Krivoy Rog; Tuzex Vouchers Will Become Invalid, Probably on 1 July 1992"]

[Excerpt] At its meeting in Prague yesterday, the Federal Government decided to halt work on the construction of the industrial part of the Krivoy Rog iron ore extraction and dressing combine in Ukraine. The work is to be halted immediately, by 31 May at the latest.

At the same time the government ordered that apartments and infrastructure that are near completion be completed and that the Czechoslovak part be offered for sale to CSFR legal subjects or, should they show no interest, to interested foreign parties. Federal Minister of Economy Vladimir Dlouhy indicated that negotiations with interested partners, including foreign partners, are already under way.

The federal minister of finance was assigned the task of ensuring resources in the state budget of the federation, starting with the year 1993, that will allow the gradual repayment of the bank credit that had been extended to finance the Krivoy Rog project (as of 31 December 1991 the outstanding balance was approximately 8 billion korunas). According to the government's decision, at the same time the Czechoslovak side is to enter into negotiations with the other contracting parties on the mutual temporary suspension, or, as the case may be, termination of the validity of agreements on the construction of the Krivoy Rog combine. According to Vladimir Dlouhy, the government's step was prompted primarily by the risks stemming from the unclarified legal issues in the successor states of the former USSR, by the low quality of the products from Krivoy Rog, by means of which the Czechoslovak participation in the project was to be repayed, by the expected restructuring of the Czechoslovak economy, in which the role of the heavy industry will decline, and so forth.

The Federal Government also approved the termination of sales for vouchers in [shops of] the Tuzex shareholding company concurrently with the coming into force of the foreign exchange law, that is, probably by 1 July 1992. At the same time the government approved the course to be pursued in withdrawing Tuzex vouchers from circulation. The outstanding balances on Tuzex accounts and Tuzex vouchers in circulation will be converted to korunas or freely convertible currencies, depending on the client's wish. The proposed conversion rate is 5.50 Tuzex korunas for one German mark. The final projected date for submitting to the bank Tuzex vouchers that are earmarked for liquidation is 31 December 1993.

The government also approved its standpoint on the bill on the extraordinary provision of an old-age pension that has been tabled by a group of deputies. The purpose of this bill is to newly determine the conditions under which an old-age pension can be awarded prior to the attainment of the general age limit set under the social security law. The government agrees with the proposed legislation but recommends certain modifications to the submitted draft. The bill is in harmony with the government's intentions in the sphere of social policy. The government considered the possibility of earlier retirement even earlier, in connection with the layoffs of railroad employees and the declaration of programs for winding up designated productions. [passage omitted]

[Prague LIDOVE NOVINY in Czech on 17 April on pages 1 and 16 carries a 300-word "ks"-signed report on the Federal Government session. The report notes that the Czechoslovak participation in the construction of the Krivoy Rog combine cost 9.8 billion korunas thus far and that the project's completion would cost another 10.5 billion korunas.]

Publication of Unemployment Figures for Mar

AU2204190092 Prague HOSPODARSKE NOVINY in Czech 16 Apr 92 p 8

[Report by "(ci)": "Fewer Unemployed in February"]

[Text] The drop in the number of unplaced job seekers on almost the whole of CSFR territory was characteristic of the development of unemployment in March 1992. The greatest drop in the number of unplaced job seekers (24.7 percent) was in Zlin. In the Domazlice and Cheb regions this index dropped more than 20 percent. In additional 38 districts the increase in the number of unplaced job seekers dropped 10 to 20 percent during the month and remained at the zero level in the Prague-East district against 29 February 1992. The only district recording a higher number (7.2 percent) of unplaced job seekers compared to the end of February is the Prerov district. In the entire Czech Republic the number of unplaced job seekers dropped 10.3 percent on average. In a certain way, this situation is reflected in the data on the unemployment rate: The highest number was registered in the North Moravia region (5.74), and the lowest in Prague (0.65 percent). The unemployment rate in the entire CSFR reached 3.72 percent by the end of March.

The number of unemployed in Slovakia reached 307,415 by the end of March, which means a drop of 11,878 compared to the end of February. The average for the Slovak Republic is 3.7 percent. However, against the end of 1991, the number of job seekers rose by 5,455 (1.8 percent in relative terms). The unemployment rate reached 12.27 percent in the Slovak Republic in March. The highest index remains in the Cadca district (19.97 percent), Bardejov, and Dunajska Streda. The lowest rate was recorded in Bratislava (7.10 percent). The number of people receiving unemployment benefits (including recipients of benefits who are undergoing retraining programs)—147,531 people—represents 48 percent of the total of registered unemployed people at the unemployment offices in the Slovak Republic.

Seekers and Job Vacancies as of 31 March 1992

	Unplaced Job Seekers 29 Feb	Unplaced Job Seekers 31 Mar	Recipients of Unemployment Benefits	Vacant Jobs	Unemployment Rate
Prague	6,212	4,521	2,532	15,020	0.65
Central Bohemia	21,043	19,127	12,081	7,612	3.70
South Bohemia	14,236	12,334	8,511	4,181	3.55
West Bohemia	12,270	10,935	6,362	6,312	2.52
North Bohemia	26,200	23,983	10,642	7,886	3.94
East Bohemia	26,239	23,023	14,396	7,911	3.62
South Moravia	49,180	44,422	25,678	7,674	4.34
North Moravia	62,174	56,817	27,722	9,135	5.74
Czech Republic Total	**217,554**	**195,162**	**107,924**	**65,731**	**3.72**
Bratislava	20,960	20,301	11,640	3,284	7.10
West Slovakia	108,198	102,615	50,008	1,921	13.59
Central Slovakia	96,077	92,983	45,400	2,320	12.08
East Slovakia	96,059	91,317	40,483	2,830	13.16
Slovak Republic Total	**319,294**	**307,416**	**147,531**	**10,353**	**12.27**

Mixed Economic Performance Projected for 1992

92CH0490A Budapest TOZSDE KURIR in Hungarian 19 Mar 92 p 27

[Article by Andras Vertes: "Step by Step; Economic Research Institute Projections for 1992"—first two paragraphs are TOZSDE KURIR introduction]

[Text] The Economic Research Institute (ERI) regularly publishes, both in Hungarian and English, its projections regarding Hungary's expected economic development.

According to the latest prognosis, both the processes of change in the Hungarian economy that already started earlier and the trends that reflect the crisis are expected by ERI to continue in 1992.

We think that one of the processes of change that can be considered favorable stands out among the rest, namely, that the new institutions and mechanisms needed for the operation of a market economy have been and are being gradually formed, although sometimes this is preceded by more or less lengthy legislative and political debates and in some instances takes longer than we would wish. Privatization is continuing, and the national bank, [central] monetary control, and the financial institutions are able to operate on the basis of unequivocally market-oriented regulations. Accounting, enterprise liquidations, and bankruptcy proceedings are regulated through modern requirements.

Increasing competition for consumers has a beneficial effect. The number of participants in the marketplace is increasing and the selection of imported goods is better, therefore, domestic producers must face the new market conditions.

The ERI projects with probability that Hungarian exports to developed countries (to OECD [Organization for Economic Cooperation and Development] countries) will continue to grow dynamically. Last year saw a two-digit increase in the volume of said exports and, although this will probably not continue to happen, we can continue to reckon with a dynamic increase of exports (at a rate of 6 to 8 percent). The export structure will also improve somewhat: the ratio of processed goods will increase, and the machine industry's performance will be especially favorable.

New ventures are also developing and gaining strength. What is probable is not so much an increase in the number of new ventures at last year's rate but much rather that some of them will rapidly accumulate assets, i.e., certain small ventures will become medium or large ventures well provided with capital.

We can also be pleased that foreign capital continues to flow into Hungary. There is no rational reason for expecting a slow-down in foreign capital investments unless the political situation in Hungary or in any of the neighboring countries becomes critical. In part through privatization and in part through the increase of the capital assets of firms already acquired, a working capital of about 1.5 to 2 billion dollars will probably flow into the country annually.

All these also elicit positive processes in the economy. For instance, inflation's pressure will abate and the rate of increase in consumer prices will slow down from last year's 35 percent to about 30 percent or perhaps even lower. However, a rapid slowdown of inflation is not expected.

Favorable processes are also expected in Hungary's international financial balance. Although the current balance of payments is expected to be unfavorable in the aftermath of last year's small balance surplus, the deficit will not be significant: it may amount to 500 million dollars. This deficit will be easy to finance with the active capital that will flow into the country in form of cash and, thus, Hungary's monetary debts will not increase. In addition, we can also expect the support of international financial institutions.

It can also be assumed that the rate of savings by the public will remain high. Partly because the anxiety associated with unemployment, i.e., the resulting cautious consumer attitude, and partly as a result of venture-related asset accumulation, this rate jumped above 10 percent in 1991, and this level is expected to remain essentially the same in 1992. In this way household savings will probably continue to play an important role in financing the debts of possessors of other incomes.

At the same time, however, signs of crisis continue to be manifest in the Hungarian economy in 1992.

Economic factors will be especially affected by a dramatic increase in cutbacks and bankruptcies. We must expect a loss of further markets both in industry and in certain agricultural areas. This will result not only from the collapse of the East European markets but also from a lack of competitiveness of the given companies and a higher technical quality or lower prices of imported goods. In mid-1992 we must expect a series of bankruptcies in some parts of the large-company sphere, and this will no doubt affect a multitude of small and midsized companies as well. Although in general the state or government should not interfere with this process, the use of the national budget might not be avoided in the case of a few large companies. This process will also adversely affect the banks which conduct business with those firms.

As a result of the above, a 2- to 3-percent decline in the GDP is expected in 1992. Because of the uncertainties related to the changes in land ownership and rapidly shrinking markets, the decline may be greatest in agriculture, possibly amounting to as much as 8 to 10 percent. The expected decline will be 4-5 percent in industry and 2-3 percent in the construction industry. On the other hand, the service industry may experience a 1- to 2-percent growth.

Unfortunately, to date the tasks undertaken by the state have not yet been arranged in terms of priority, implementation and financing. There will be no change in the operation of the major social networks. The amounts in the national budget's major expense items have been decreased only in the area of corporate subsidies. The retirement pension system will continue to be inadequate, the apartment subsidy system will be inefficient, and the social network will not be protective enough. In the state sphere, wastefulness and a lack of resources will be present simultaneously.

The budget deficit will be much higher than planned, which reflects the numerous problems and pressures in the internal financial processes that remain to be solved. In the absence of further measures, the deficit will reach 4.5 to 5 percent of GDP. Actually, this could be financed with mostly domestic resources but, as I have already mentioned, this way the household savings, the increase of which is very welcome, would not flow into the economic sphere but would rather only contribute to the maintenance of public finances which did not change in its structure. All this would result in an excessive money supply (M2), that is, it would draw resources away from investments, causing grave problems in economic policy.

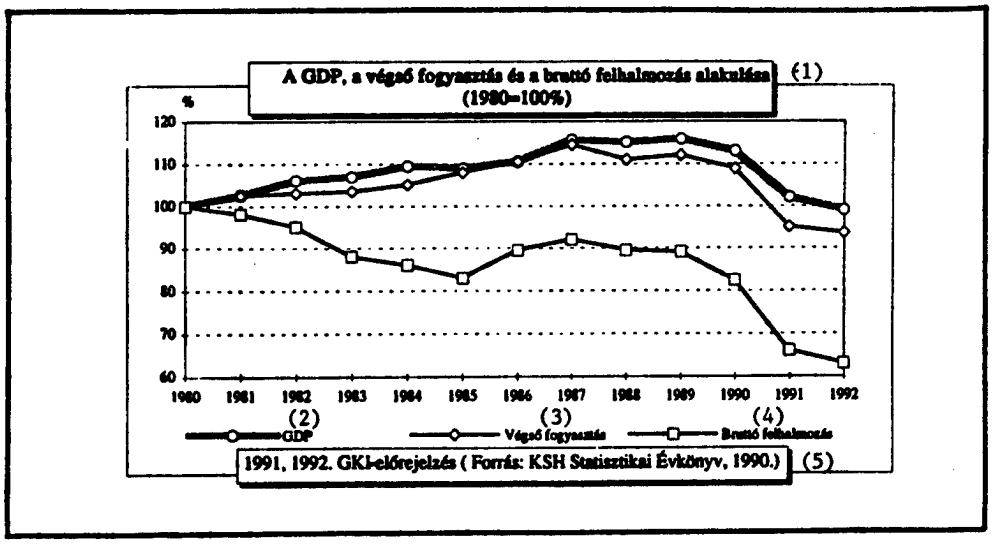
The utilization of GDP will also decrease in connection with the crisis processes. Public consumption is likely to decrease somewhat (by 1-2 percent). The decline in investments has a good chance of being even more than that.

Simultaneously with the crisis, a sharp differentiation will take place in almost all areas of economic and social life. This will be equally true of companies, entrepreneurs, and the population. It will be difficult for society to endure such an increase of differences in incomes and wealth. For this reason, this process will entail dissatisfaction and clashes between certain social groups (in the form of strikes and demonstrations).

Unemployment will continue its rapid rise. Its level will no doubt reach 13-14 percent of the labor force, and that will be extremely close to the South European rate which is the highest among all the European countries.

The nominal bank interest rates will remain high. This, in itself, will not only hold back the possibilities which normally point in the direction of a lower rate of inflation, but will also have a braking effect on starting investments. From this respect, beginning entrepreneurs will be in an especially difficult situation. It is more difficult than average to assess their credit rating, therefore the collaterals and revenues expected of them are higher than average. Thus, a large segment of this sphere will either be unable to obtain credit or will be so much at the mercy of creditors that its very existence will be jeopardized.

In summary, the Hungarian economy has embarked on the road leading to market economy. It will gradually overcome the emerging difficulties. In this sense, the Hungarian economy is coming out of its crisis. However, we cannot expect a radical turn. The ERI considers an illusion every approach in which sudden and great improvement is expected and which ignores that structural change and crisis are inseparable everywhere in the world.



Key:
1. Trend in GDP, Final Consumption, and Gross Accumulation (1980 = 100 percent)
2. GDP
3. Final Consumption
4. Gross Accumulation
5. 1991, 1992 GKI [Institute of Geodesy and Cartography] Projection (Source: Central Bureau of Statistics, Annual of Statistics, 1990)

[Box, p 27]

The Asset Management Center of Budapest Has Been Established

Following a lengthy debate, the local government of Budapest accepted at its 12 March meeting the proposal to establish the Asset Management Center of Budapest, Ltd. [AMCB] (See the events leading up to this in the TOZSDE KURIR's 1991/49 and 1992/6 issues.) The proposal, which was put on the agenda several times but its debate was always postponed, was in danger of being "torpedoed" even in the last moment. Although the establishment of the AMCB was governed by an agreement signed by four factions of the Budapest General Assembly, the FIDESZ [Alliance of Young Democrats] presented several modification proposals. They proposed that the limited company's board of directors should consist of three, instead of six, members and that the company president and CEO should jointly exercise employer rights. The general assembly rejected the proposal, therefore the six-member board of directors will include two delegates each of the SZDSZ [Alliance of Free Democrats], the MDF [Hungarian Democratic Forum] and the FIDESZ, while the five-member control committee will include one delegate from each of the general assembly's parties. In the end, the FIDESZ did not participate in the vote on the bylaws. The SZDSZ may nominate a candidate for the position of the company CEO, the MDF may nominate one for the position of chief accountant, and the chairman of the owners committee will be nominated by the FIDESZ. Incidentally, the latter committee is not yet included in the general assembly's committees. A proposal to set up this committee was made in the draft regulations of the new organization and its operation but, because of political considerations that have yet to be dealt with, the general assembly postponed the acceptance of the regulations.

—zsa

Failure of Expanding Government Coalition Viewed

92EP0314A Warsaw POLITYKA in Polish No 13, 28 Mar 92 p 3

[Article by Aleksander Hall, deputy chairman, Democratic Union, under the rubric "What Is Happening in Politics"]

[Excerpt] [passage omitted] Unless a new coalition alignment is achieved, the following four scenarios are possible.

Under the first scenario, the weak government will remain in power for some time, which is highly dangerous in a situation in which the authority of politicians is steadily declining and democratic and government institutions are getting enfeebled. At a certain moment the public is bound to react by saying that it does not want this kind of democracy. Under the second scenario, presidential rule would be imposed on the Sejm. Contrary to appearances, despite the political fragmentation and extreme partisanship displayed by the present Sejm, it is largely conformist and has manifested an inclination toward conformist behavior. In my opinion, the Sejm will accept any candidate for prime minister and any solution proposed by the Belweder, if the alternative is to be the dissolution of the parliament [by the president]. I personally favor the presidential-parliamentary system but I do not support a situation in which the government were to be formed in the absence of a parliamentary majority and everything were to be decided by the will of the president, especially when Lech Walesa is the president. The third possible scenario is a rapid dissolution of the parliament and new elections. The consequences are readily predictable: an even lower social legitimation of the new Sejm and a considerable gain in the strength of the extremist parties represented in it. For while at present the reform camp may, if it unites its forces, stll gain at least a slim majority of votes in the present Sejm, I fear that it will no longer hold that majority in the next one. [If new elections are held] I expect both the KPN [Confederation for an Independent Poland] and the postcommunist left to be strengthened rather than the groupings which I define as proreform ones. A fourth scenario is possible as well, namely, the democratic institutions would live their own life but real power would be concentrated somewhere else, for example, in the trade unions, which are getting whatever they want to extort, or in mob rule.

All these scenarios are negative, and that is why I believe that our ailing political system, because it is really ailing, should try to develop its own defense mechanisms which would at the same time trigger new changes, substantive ones this time, I hope, on the entire political scene. I do not know whether it will be possible to broaden the ruling coalition. This idea is being opposed both in the government camp, within the president's close entourage, and within the extreme wing of the ZChN [Christian-National Union], but it also is being opposed within our own Democratic Union camp, which views the balance sheet of the Jan Olszewski administration so far as being so utterly negative as to lack any positive aspects whatsoever, so that everything has to be completely discarded from the outset in order to build something new from scratch. This mode of reasoning is especially evident among those of my colleagues who view the world through ideological spectacles and would like to base political divisions in Poland on the principle of openness and Europe mindedness contra the backcountry, provincialism, and clericalism.

I do not consider such a division to be inevitable. In my opinion, extremist tendencies can be relegated to a secondary plane if a sensible middle is promoted, a centrist grouping which does not oppose patriotism and tradition to Europe and an open society, and which combines respect for the Polish national tradition and acceptance of basic Christian values with desire for modernization and belief that the only solution for Poland lies in accepting Western standards for building the society and the economy. Should, however, such an acute polarization arise, its consequences to Poland would be dramatic and perhaps even tragic. It would mean forfeiture of the reforms, impossibility of building democratic capitalism, and the strengthening of extremists. The bloc [of parties] stressing national and Christian values would then be dominated by an extremist tendency, meaning that the door to Europe would be shut and the modernization of Poland opposed. This would be accompanied by the growth of [such disparate trends as] anticlericalism, fear of the national tradition, and championing of national values. Thus there would be no room for compromise.

Hence also the attempt to broaden the coalition does not only afford an opportunity for strengthening the government at present but has broader implications. Whether the desire to form some synthesis or the desire to promote factional divisions wins will largely affect the future of the entire political alignment. If the designing of that new coalition fails and thus, in my opinion, the sole chance for the reforms will remain unexploited, then it will become important to explore the causes of the failure and identify the culprits. For then it will not be possible to blame the entire political class and view it as immature. The persons responsible should then be specifically identified. But my hope is that identifying the culprits would not become topical. I would find it difficult to forgive the pettiness, ideological blindness, and inertia of the politicians who would paralyze the concept [of the reforms].

First Polonia Organization Established in FRG

Polish-German Congress Founded

92EP0323A Poznan WPROST in Polish No 11, 15 Mar 92 pp 34-35

[Article by Piotr Cywinski: "Shaking Hands"—first paragraph is WPROST introduction]

[Text] In Dortmund a miracle happened: The most divided Polish ethnic community abroad has established the Polish-German Congress.

Bonn—To some they still are not Germans, while to others they are no longer Poles. These people represent probably the largest group of immigrants from the other side of the Odra River in the second half of the 20th century.

Everything was there: images of the saints, national emblems, paper garlands, patriotic versicles by young children wearing Krakow folk costumes, ambassadorial appeals for common sense, a priest's blessing, and a common prayer. In the beginning nothing had foretold the miracle. At the Polish Catholic Home for a dozen or so hours, everything was turned upside down and there was much ado and bickering that had little in common with the Christian tenets of tolerance, understanding, and forgiveness. And yet, a miracle happened. The Dortmund meeting of representatives of the Polish organizations in Germany, representing the internally most divided Polish ethnic community in the world, ended with a historic resolution. To wit, the Polish-German Congress was established in the German Federal Republic, representing a forum whose goal it is to unite all the Poles living west of the Odra River and to articulate and represent their interests before both the German and the Polish authorities.

The extent to which the German Poles, or, if the reader prefers, the Polish Germans were quarreling with each other is demonstrated by the fact that Polish immigrants in Germany were not represented at the talks between the FRG and Poland which had culminated in the so-called Good Neighbor Treaty. And yet the number of these immigrants is estimated to be sizable.

The Number of Immigrants From Poland Hovers at 1.5 to 2 Million

Many of them have stayed loyal to their nationality. But many also, seeing that better living conditions were not available in Poland, have utilized family connections in order to obtain permission to settle in the FRG. Nowadays quite a few such people carry in one pocket a BDV membership card (BDV = Bund der Deutschen Vertriebenen, or Union of German Expellees (from Polish western territories), thereby implying that these people are of German origin] and in another a picture of the Holy Virgin of Czestochowa [thereby implying that they are Poles, not Germans]. The status of the so-called delayed immigrant which they have gained turned out to be essentially a documented basis for a "new existence." To some they still are not Germans, while to others they are no longer Poles. These people represent probably the largest group of immigrants from the other side of the Odra River in the second half of the 20th century.

Polish immigrants in the FRG were among the least well organized minorities. On the one hand, their hostility to the old groupings which "collaborated with the communist regime" and on the other the currently rather xenophobic mood of Germany have been factors aggravating the existing schism. The image of the Polish ethnic community in the FRG has been and remains as complicated as it is sorry. The brutal truth is that manifesting one's Polishness in that country is a rarity. Parents do not encourage children to become familiar with their mother tongue, so that they would be accepted by their German peers without being labeled "foreigners" or "Poles." The university in Bonn offers courses in practically every language of the world for which students may want to sign up. There are no students willing to sign up for courses in Polish. Poles in the FRG avoid speaking Polish even in the famous Hajok's Butcher Shop on Tannenbusch (Bonn), Hajok being a Silesian who makes the world's most delectable tripes and krupnioki. He asked a customer in Polish what the latter wanted, and the customer answered in fractured German, *Cwaj flajszwurst dize linke und fynf szajbe szinke* [Two fleischwursts, these [sausage] links, and five slices of ham].

It is likewise with the cultural life of Poles in the FRG. Since they are not a financial power but instead count every hard-earned penny.

At organized cultural entertainment with paid admission only representatives of the Polish embassy can be encountered, and they do not have to pay for their tickets. That is why nearly all the recent concerts by Wodecki and Sikorowski have been canceled. That also is why on the first Days of Polish Culture, organized with so much fanfare, when the German public did not show up, the auditoriums remained empty (for example, at concerts of renowned philharmonists). At one time I was asked by the manager of a township near Bonn, Fred Muench (among others, Minister Genscher is a resident of that township) whether I knew any Poles who might want to organize some Polish cultural entertainment or an exhibition of artistic products or slides in the local house of culture. The funds for this purpose are available, just as they are available for Turks, Arabs, or Germans. But applicants who would avail themselves of this offer without quarreling were not available.

It is a difficult task to reach the Polish communities in Germany, considering that they are quarrelsome and sling mud at each other. This was ascertained more than once by Ambassador Janusz Reiter, also during the recent Dortmund session of representatives of 16 Polonia associations, at which deliberations at times were greatly devoid of parliamentary decorum. It is worth noting in this connection that the number of variegated Polish groupings in Germany is about 70.... To reach any consensus on behalf of, as Ambassador Reiter put it, "the thousands of

eyes watching," the chairing of the meeting had to be entrusted to an "imported chairman," namely the Chairman of the Polish Union in Great Britain, the former emigre Minister of Foreign Affairs Zygmunt Szkopiak. Chairman Szkopiak demonstrated truly unusual diplomatic talents: The new ark, named the Polish-German Congress, accommodated nearly everyone present, from representatives of "Zgoda" with its burden of an inglorious past to Solidarity and Polish Socialist Party activists, and from the Christian Service for National Liberation to the "Light of Life" movement. The members of the presidium of the Congress of the German Polonia included individuals who had not so long ago been stoking hatred but who now have finally understood how pointless were the years-long animosities. The Reverend Dr. Grzegorz Jozef Sobkowiak was elected the first chairman of the Congress (see the interview on this page).

"I can offer just one comment on the formation of the Congress of the German Polonia," summed up Zygmunt Szkopiak. "As a representative of the emigre Polish government I used to come here often and was familiar with the situation of the local Polish community. The Polish Union in Great Britain is an organization whose opinion counts, whereas until now there has not been anybody in Germany who could speak for the whole of the Polish immigrant community. Now such a representation exists. It only remains for us to await the first results of the work of the presidium of the Polish-German Congress in promoting the cause of uniting all Poles, not only in the FRG but everywhere in the world. May our expectations not be in vain."

The presidium was given three months to settle the formalities involved in getting the Congress officially registered, to draft a detailed statute, etc. The first session of the presidium will be held as early as on 28 March. the organization is to be temporarily housed in the offices of the local "Zgoda" Association of Poles. If the name of that building [Zgoda means concord, harmony] proves to be a good omen of the spirit of Polish emigration in Germany, that should be gratifying. If, however, old prejudices surface again, we should consider changing that name to, say, "FFG," or, "Flajszwurst for Future Generations."

President Explains Organization

92EP0323B Poznan WPROST in Polish No 11, 15 Mar 92 pp 35-36

[Interview with the Reverend Jerzy Sobkowiak, president of the Polish-German Congress, by Piotr Cywinski, Bonn; date not given: "The Letter 'P'"]

[Text] [Cywinski] Is the Polish-German Congress a secular or a Catholic organization?

[Sobkowiak] It is doubtless a secular organization, irrespective of the fact that its chairman is a clergyman, that is, me. We intend to associate all persons of Polish origin regardless of their creed and political belief.

[Cywinski] I have before me your business card, Reverend. It says, "Dr. Georg Josef Sobkowiak." Does your birth certificate say Georg Josef or Jerzy Jozef?

[Sobkowiak] My birth certificate says Jerzy Jozef.

[Cywinski] What then? Do you identify yourself as Georg Josef for the good of your work in Germany, or do you have so-called dual citizenship, which conflicts with local law?

[Sobkowiak] I have dual citizenship.

[Cywinski] This mean that you, Reverend, have both Polish and German identity papers. You are therefore not a clerical asylum seeker but a so-called returnee. Does German blood flow in your veins, Reverend?

[Sobkowiak] It is difficult for me to answer this question unequivocally. Already my grandparents on the paternal side had German citizenship, and so did my parents, although they did not apply for it at all. Before [World War II] my family used to live in Kwiatkowice near Lodz. My parents, who emphasized their Polishness at every step, were deported for forced labor to Schleswig-Holstein. Over there, based on the existing documents and a commission's ruling to the effect that they displayed all the features of the German race, they were acknowledged as Germans. Actually, however, they did not know even one German word, and besides they kept demanding to wear the letter "P" [in wartime Germany Poles were required to wear a cloth badge with the purple letter "P" sewn in front of their clothing]. For insisting on it, my mother was beaten and thrown through a glass door. To this day she wears a scar on her brow. Later the SS took them away. My mother was placed in a death cell, in which she sat together with some Jewess from France. Afterward a kind of miracle occurred: They were released. I do not know how it happened. They could not, of course, wear the letter "P." Right after the war we all returned to our country.

[Cywinski] In what year subsequently did a family like yours, which had insisted so much on wearing the letter "P," decide that it is of German nationality?

[Sobkowiak] There was nothing to decide. That was how we were treated by German officials, and that is how it is to this day.

[Cywinski] Reverend, where do your parents live now?

[Sobkowiak] Father is no longer alive and mother emigrated first to England and then to Spain. My brother remains in Poland, while my two sisters also live abroad, one in Spain and the other in England.

[Cywinski] Reverend, when did you start applying for German identity papers, and when did you receive them? Was not your belonging to the Roman Catholic ecclesiastical organization sufficient to entitle you to be allowed to stay [in Germany]?

[Sobkowiak] Properly speaking, I did not need those papers. I had applied for them in 1985, but I was granted German citizenship on the basis of records stating that I am German. It may seem paradoxical that, while my parents persisted in remaining Polish and were deported for forced labor, I myself had applied for a German identity card. I did it in full awareness. I took advantage of my right. German identity papers were to serve me as a means of gaining equal rights vis a vis other citizens residing in this country.

[Cywinski] Why? Others have no such opportunities, or even when they had them, they did not avail themselves of them and shared the tragic fate of their nearest and dearest, as shown by the list of the persons beatified [by the Roman Catholic Church]....

[Sobkowiak] The German minority in Poland is not aware that it has the same rights as Polish citizens. As regards the Poles in Germany, the situation is quite different, as I learned on my own skin. As a Pole I had problems here getting a visa in order to visit my mother. I chose a solution whereby I have not ceased to be a Pole but gained greater opportunities for action. I have a Polish passport and I intend never to give it up.

[Cywinski] Reverend, the village of Heinsberg in which you work, and which is under the jurisdiction of the German church rather than of the Polish Catholic Mission in Germany, is difficult to find even on a map. Over there you are directing two parishes, and in addition you are an activist in the Oasis movement, as well as in the Sokol [a Polish gymnastic association] branch, which you had personally established. How is it possible for you, Reverend, to exercise the duties of the chairman of the Polish-German Congress, the first person to hold such an office, and one facing a barely conceivable mountain of problems, while operating out of that hinterland?

[Sobkowiak] Any other person in my place also would have to reconcile his professional activities with the new duties accepted. Of a certainty, I will have to give up the 35-day vacation to which clergymen are entitled. Besides, I am not alone. Sixteen organizations are the founding members of the Congress, and we have our own presidium whose members shall, I believe, demonstrate due activism and commitment. Representing the Polish ethnic community is such a titanic labor for us all; there are going to be dozens of meetings, conferences, consultations, talks with representatives of the governments of both countries as well as with other Polish ethnic constituencies—that is a burden which no single individual can shoulder alone.

[Cywinski] Reverend, owing to your departure from Poland without permission from the church authorities, that is to say, owing to insubordination, you were in disfavor with your ecclesiastical superiors and in the Apostolic See, after having found safe haven in Germany. Reverend, how did both countries respond to your having been nominated the head of the Polish-German Congress?

[Sobkowiak] I believe that they will respond positively.

[Cywinski] It was resolved that the founding-member organizations will each donate 100 marks annually to the Congress. This means a total of 1,600 marks or not even enough for the Congress to pay for printing invitations, let alone for stationery or traveling expenses of delegations.

[Sobkowiak] I did not consider that to be the most important problem during the deliberations preceding the establishment of the Congress. I view the decision as to the amount of dues to be temporary. I think that every individual member of the Congress will, if identifying himself with the Polish community is indeed close to his heart, afford to pay dues of 10 marks annually. Considering that some two million Poles are estimated to live in Germany, we should not be affected by financial shortages. The Congress is to be a common organization open to everybody, not only to persons belonging to the various Polonia organizations but also to those who have not broken off their ties to Poland even though they have German passports.

[Cywinski] When and how does the Congress intend to distribute questionnaires to potential new members?

[Sobkowiak] Before this coming summer, I believe. Our most important task at present is to refine our statute. The next stage is recruitment. And here we return to your first question: yes, the Congress is of a secular nature, but its establishment without the Catholic church's help would have been practically impossible. No one has such opportunities for reaching all Polish families in the FRG as precisely the Catholic church. Clearly, owing to its ecclesiastical-legal nature, the Polish Catholic Mission in Germany cannot be a member of the Congress, but its assistance in establishing the Congress has been invaluable. Few people had been optimistic enough to believe that a formally united body representing the entire German Polonia would be established on 15 February. It may be that few also believe at present that we shall succeed in rapidly encompassing the whole of the Polish ethnic community in Germany. I am an optimist. I believe that this is already happening. We shall probably not have to wait long now for the day when we shall speak with one strong voice on issues important to us all.

[Box, p 36]

The Reverend Dr. Jerzy Sobkowiak was born on 2 November 1940 in Lesnica in the environs of Lodz. Graduate of the Theological Seminary in Lodz, a student at the Department of Classical Philology, Catholic University of Lublin, and graduate of the Papal University in Rome and Lodz University. In 1974 he became a lecturer at the Higher Theological Seminary in Lodz and a health-service pastor. In 1982 he emigrated to Switzerland, where he remained unemployed for half a year, and then he wound up in Germany. He is employed by German ecclesiastical structures. Since 15 February 1992 he has been chairman of the Polish-German Congress. His hobby: running and horseback riding.

Military Intelligence Appointment Viewed

AU0704102292 Warsaw SZTANDAR MLODYCH in Polish 2 Apr 92 pp 1-2

[Article by Sylwester Garnet: "War Games"]

[Text] On Monday [30 March], shortly before leaving for Brussels, Jan Parys, the minister of national defense, paid a visit to the head of the Military Information Services (military intelligence), Rear Admiral Czeslaw Wawrzyniak, to inform him that he was being recalled from his post and would be transferred to the reserve. The fact that the minister should have recalled him while President Lech Walesa was out of the country has attracted attention.

The dismissal can be linked to the friction between Minister Parys and President Walesa. The storm surrounding the dismissal of Vice Admiral Kolodziejczyk, the former minister of national defense, has only just subsided and now Rear Admiral Wawrzyniak (who was appointed head of intelligence shortly before Kolodziejczyk's departure), the former head of Kolodziejczyk's office, finds himself being dismissed.

The new head of intelligence, appointed by Minister Parys from the "sidelines," is General of Brigade Marian Sobolewski, head of the National Civil Defense staff and one of the founders of the unofficial military organization "Viritim" (Romuald Szeremietiew, currently a deputy minister of national defense, is one its sympathizers). Many senior officers in the Polish Army view the appointment as confirming that Minister Parys' personnel policy is based on the principle of "mediocre, passive, but faithful." Jan Parys had earlier considered appointing Division General Zbigniew Zalewski, commander of the Pomeranian Military District, to the post, but as personnel changes concerning district commanders and heads of branches of the Armed Forces require the approval of the president, the idea was dropped.

The new head of intelligence, General Sobolewski, and General Balcerowicz were to have been appointed deputy heads of the Polish Army General Staff (Division General Franciszek Puchala, first deputy chief of the Polish Army General Staff, was dismissed from his post in March; this is said to have been linked to the fact that he was one of the authors of the martial law plan). General Puchala, who is widely considered an expert, was placed on the "sidelines," which is how the National Defense Academy is known.

The atmosphere in the Defense Ministry is described as "unhealthy" in some quarters. Most senior officers have a poor opinion of Deputy Minister Sikorski's military expertise (he is considered a "lady's companion"). The number two at the Ministry of National Defense, Deputy Minister Szeremietiew, described by some as an "orthodox nationalist," is trying to purge the military of those deemed awkward. The political sympathies of Minister Parys himself, who has got into the habit of describing his ministry as apolitical, are seen as lying with the right wing of the Center Accord (and with some of the views of the Christian-National Union and the Confederation for an Independent Poland). It is being pointed out that the views that he expresses are ambiguous and are not confirmed by what occurs in practice.

A decisionmaking stalemate has arisen between Belweder's [the Polish White House] Bureau of National Security and the Ministry of National Defense, especially regarding military doctrine and plans for giving the Armed Forces a new structure.

Against this background of personality clashes surrounding the military, the prevailing feeling, especially among lower ranking personnel, is one of disillusionment and uncertainty regarding the future. Professional soldiers, who were financially pampered by the "reds" and given encouragement in the form of all kinds of concessions and privileges are increasingly leaving the military, because they no longer have clear motivation to perform their "honorable service." Those who remain in the military usually do so because they do not know what they would do outside it. It is difficult for artillerymen and sappers to find work.

Flaws in EEC Agricultural Arrangements Deplored

92EP0329B Warsaw RYNKI ZAGRANICZNE in Polish No 32, 14 Mar 92 p 8

[Article by Andrzej Kalicki: "Polish Agriculture on the Road to the EEC: Success, Setback, or Necessity?"]

[Text] The agreement on affiliation with the EEC was negotiated and signed last year, but there is much to show that there has been no real discussion about its shape and the consequences for our economy until now. It also seems that despite popular notions, what will evoke the greatest controversy is not agriculture, as has been touted loudly, mainly because of poorly informed and energetic deputies, but industry. It is worth mentioning that it is in the very sphere of industrial products that for a decade now, a free trade zone has appeared in turnovers between Poland and the EEC. Unless we prepare well enough, the result might be comparable to what happened with industry in the former GDR, except that we cannot count on receiving hundreds of billions of Deutschemarks from the West. A decade is not long to completely restructure and modernize industry.

Agriculture should not awaken such great emotion, at least not for the time being, because it has been given special treatment. The scenario for partial and rather modest liberalization has been written only for the next five years. In two to three years, according to the EEC, negotiations can begin for the next five-year period, but their target is still a great question mark.

Facilitations in our export in the form of reduced tariffs and compensatory charges have been very cleverly weakened by the imposition of quantitative limits. It is true

that they have been based on the average of the years 1989-90, which were good export years for us, but we did not export much even then in the case of many goods that are important for us and bear high compensatory charges and tariffs. The community has a bureaucratic penchant and managed to negotiate hard here for annual quotas, at a level of 100 tonnes, for example. The annual 10-percent quota increase written into the agreement therefore falls within a permissible margin of error in the turnover statistics, like this whole type of quota, after all.

It is not known whether possible controversies over our exporters' exceeding the comically small quotas will not prove more severe than the system in effect up until now. Let us recall that free market statistics differ from Polish statistics, particularly for recent years, not by tens or hundreds of tonnes, but sometimes by tens of thousands of tonnes. Despite the EEC's tendency to be punctiliousness, it has retained a couple of sweeping gestures that are disadvantageous to us. When we demonstrated our ability to greatly increase exports for certain products (veal, for example), our quotas were substantially reduced.

We did not go too far either, though. Ad hoc 10-percent reductions in tariffs largely apply to commodities not produced or cultivated in Poland. Except for perhaps yogurt and some cheeses, the reduction may reflect at most on budget income, not on the condition of food products. In the event of any sort of serious import problems, it should be known that the agreement also contains an article which reads in part exactly as follows: "The interested party may take whatever steps it considers appropriate." And that even before any consultation, but it is worth remembering that this article applies to both partners.

The small scale of mutual openness in agriculture reduces the results of our defeats and blunders, which we were unable to avoid. We agreed for the EEC to adopt minimal import prices on frozen berries. We were probably not effective enough in our efforts to gain asymmetrical concessions to give us some advantage. The imbalance is certainly less than might be implied by the difference in the economic potential of the two partners, if, of course, an effort is being made to even out the differences in their degree of development. This is obvious, especially when a comparison is made between the complete openness in industry, where the EEC has the advantage, and the lack of openness to our agriculture, where, at least in some areas, we could count on our lower production costs.

I recommend that enthusiasts of what is called "triangle trade" (EEC money, Polish farm products, to the Commonwealth of Independent States, for example) read the article of the agreement stating that in the case of such exports, the corresponding quantitative limit on exports to the EEC will be reduced each time. This is an especially dangerous provision, because any carelessness can result in long-term expensive losses of western sales markets as the result of a single transaction. Each operation of this type will therefore need to be reviewed in exceptional detail.

Should the meager progress in affiliating Polish agriculture with the EEC be considered a complete setback and the whole agreement not be worth the concessions? When we assess the particular provisions of the agreement, we see that it nonetheless indicates that the process of integration is sustained, thus creating rather important long-range prospects for the Polish economy. Given the disputes over the program of reform and the lack of stable achievement, it may prove useful to have such a model, both for its advocates and its opponents, because it moves the discussion from the theoretical to practical solutions in operation within the EEC, to which we will have to adapt sooner or later.

The small overtures in agricultural trade also have its good side. First of all, it gives us a little more time. For example, in this way we gained the opportunity to know that farm policy will define our position in the negotiations. In industry, everything goes to show that the reverse will be true, and the agreement with the EEC will largely determine our future policy concerning this part of the economy.

Other benefits could produce stability and put the brakes on the quantitative development of our farm exports to the EEC. Let us hope that this will "force" us to alter the structure of exports (more highly processed products and novelties) and also to become serious about exports to the East and to the domestic market. If we want to mean anything on the world market, we must first learn to be winners against foreign competition in our own back yard. Slow but visible changes in the item assortment of domestic food production over the past two years prove that more and more Polish producers understand this.

On the other hand, the policy of support farm exports to the former USSR must not end in attempts to ship millions of tonnes of potatoes and grain there, especially when there are no long-range prospects for selling products of this type there. We can sell the East goods for which at the moment there is no great hope to do so with the EEC.

As we assess the effects of the recent closure between Poland and the EEC, we must not fail to appreciate what we learn from the negotiations themselves, about how to carry on negotiations and how to prepare for the talks. After all, we face years of such negotiations. Polish negotiators should learn how to take advantage of the mass media to inform domestic opinion about concrete problems and disputes. Public opinion mobilized in this way will be an important trump in any deliberations. We must not allow months to pass after signing the agreement before all the parties involved have access to the Polish text either.

Before beginning further talks about agricultural trade, it would also be worthwhile to decide at least on an outline of farm policy and publicly discuss all the consequences

of introducing, for example, a free trade zone for farm products between Poland and the EEC. This will mean, for example, the inevitable closure of the gap between the levels of food prices and the need to shift a significant share of national income in our own country to agriculture, to an extent comparable to that in the EEC.

But do we have any choice but to minimize the threats and the costs? Nearly all the countries in Europe now, including our neighbors, are asking to join the EEC. In the long run, then, we have two choices, practically speaking. "Outside"—the situation of an economic zone that belongs to nobody to face the world's largest integrated economic group. The EEC's successes in this situation could easily become our defeat. And "Inside"—when alongside the costs we would also have a share of the profits. It is obvious here which threatening variant (as some people view it) would make "the Community's dictate" the more dangerous ones for us.

Interdepartmental Group on Privatization Formed

92EP0303C Warsaw RZECZPOSPOLITA (ECONOMY AND LAW supplement) in Polish 16 Mar 92 p II

[Article by A.K.K.: "After the Council of Ministers Meeting: A New Privatization Program"]

[Text] The lack of a general plan, of a precise list of enterprises to be completely privatized and of enterprises over which the State Treasury will maintain complete control or will only hold a part of the shares is a basic problem in privatization. This was discussed during the Tuesday meeting of the Council of Ministers [RM], in which the president took part.

It was decided that an interministerial team, chaired by the head of the Ministry for Ownership Restructuring Affairs [MSPW], will work on preparing a privatization "map." The team will also include representatives from the Ministry of Finance [MF], Ministry of Industry and Trade [MPiH], Ministry of Construction and Land Use Management [MBiGP], Ministry of Foreign Economic Cooperation [MWzZ], Ministry of Agriculture [MR] and the CUP [Central Planning Administration], as well as KSERM [Economic-Social Committee of the Council of Ministers].

The team met for the first time on Thursday. What will be the course of work and when will the program be prepared? Jerzy Drygalski, undersecretary of state, who was present on behalf of absent Minister Gruszecki during the meeting of the team members, answered this question.

He said: "Privatization in Poland is grassroots privatization, that is, enterprise workforces have the initiative in their hands. Thus, it is somewhat difficult to program privatization from above. The results of privatization are also contingent upon the course of sale transactions, i.e., upon whether there is a demand on that market. Frequently, undefined ownership rights are also a stumbling block in privatization. Moreover, it is not possible to program the liquidation of a given enterprise in advance, for this will hasten its end.

"Thus, the privatization map cannot be a catalogue listing what awaits particular enterprises on the privatization path and when these changes will take place. Rather, it should define the directions of the privatization process, coordinate it with the restructuring process and define the spheres in which the state will retain control and supply and demand volumes for the sold enterprises.

"It is good that such a team has been created, for privatization applies to the entire economy. Meanwhile, until now it has often been perceived as a program in and of itself, isolated from what is happening in the entire economy. For this reason I believe that we should place a great deal of emphasis at present on tying in privatization with economic strategy and state financial policy.

"At the first meeting of the team we divided our tasks. For example, the Ministry of Finance is responsible for the program of privatizing banks, the MR is responsible for agriculture and the CUP is responsible for coordinating the program with long-term state policy. In a week we shall meet to embark upon editorial work. The program should be ready in two weeks. I would not call it a privatization map, but rather an expanded privatization program."

1992 Privatization Efforts Reported

92EP0303A Warsaw RZECZPOSPOLITA (ECONOMY AND LAW supplement) in Polish 12 Mar 92 p IV

[Article by Ada Kostrz-Kostecka: "The Beginning of the Year in Privatization: Property of Smaller Enterprises Is Sold, While Property of Larger Enterprises Is Leased"]

[Text] The privatization of approximately one-half of all state enterprises is planned by 1995. To date, after a period of more than 18 months of operation of the privatization law and a still longer period of operation of the law on state enterprises, a change in the forms of ownership has taken place in 1,430 state enterprises. This constitutes 17.4 percent of the total number of enterprises. According to the Ministry for Ownership Transformation [MPW], 174 economic units passed from the public sector into the private sector in January 1992 alone.

There are no indications that the rate of privatization will increase. On the contrary, the ministry warns that cutbacks in outlays for privatization are impacting on the number of restructured firms. Meanwhile, programs are being changed and different programs keep entering the foreground. At the beginning of last year, great importance was attached to capital privatization. Later, so as to increase the number of restructured firms dramatically, "privatization bands" were developed in the form of branch privatization and the rapid sale of

small and midsize enterprises. Now general privatization is coming to the fore, but this program still yields only commercialized enterprises and not privatized ones.

In January, ownership restructuring through liquidation weakened. At the end of January, 1,003 enterprises (12.2 percent of the total) were in a state of liquidation, while at the end of December, 950 enterprises (11.5 percent) were in liquidation, although at that time only 198 had been removed from the registry of state enterprises.

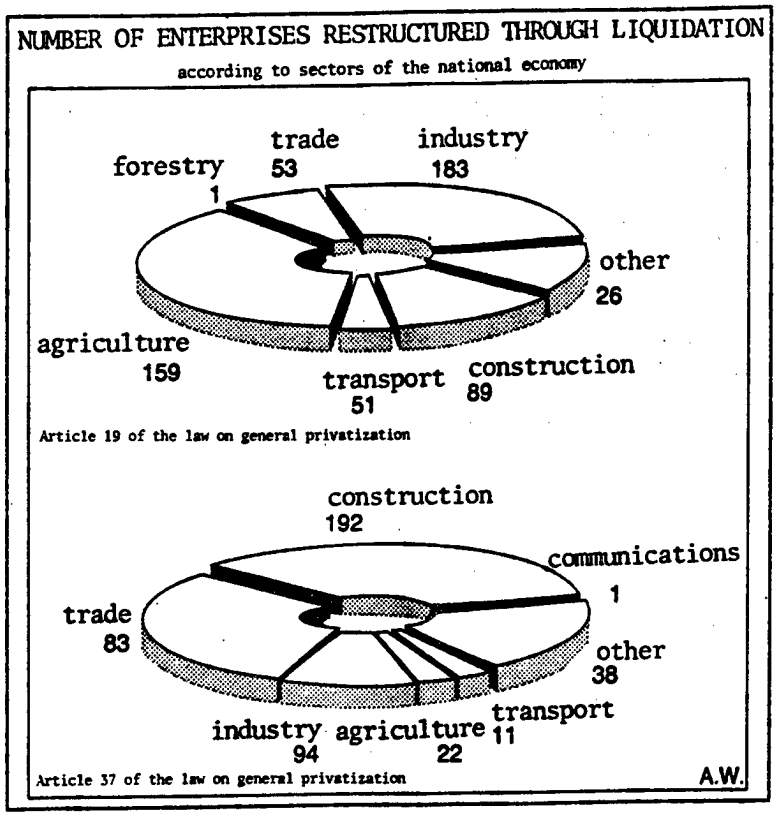
Of 53 firms receiving approval to liquidate, in 28 cases the basis of restructuring was the poor economic-financial situation and 25 were liquidated in order to privatize (on the basis of the law on the privatization of state enterprises). Among those firms forced to liquidate due to their poor condition, the largest numbers were industrial enterprises (13), construction enterprises (seven) and agricultural enterprises (five). Overall, construction firms (28 percent) continue to dominate in all units liquidated to date.

From the time that the law began operation until the end of January, 562 weak enterprises were liquidated. The property of these firms was designated to be sold in 465 cases. Small firms employing up to 200 people dominate in this type of liquidation (they constitute 69.9 percent).

Based on the privatization law, considerably more midsize enterprises (employing from 200-500 persons) are being liquidated; there were 206 small enterprises and 151 midsize enterprises in the group of 441 enterprises liquidated in this way. They are liquidated with a different purpose in mind: The property is designated primarily for paid utilization (82.3 percent).

In January the largest number of enterprises liquidated with the intention of selling the property were liquidated in the Warsaw Voivodship (four) and in the Lublin Voivodship (three). Likewise, the largest number of enterprises were restructured into leasing companies in the Warsaw Voivodship (five), while the Ciechanow Voivodship was in second place with three.

The MPW likewise includes restructuring into companies of the State Treasury (commercialization) in capital privatization; much progress was made in this form of restructuring in January. This was due to the commercialization of subsequent firms in the program of general privatization (at present they total 173). Large firms (employing more than 500 workers) dominated for enterprises restructured into stock companies and limited liability companies in January. Of the 259 enterprises restructured from the beginning of privatization until the end of January, 192 were large firms. The largest number of these is in the Katowice Voivodship (21) followed by the Opole Voivodship (17). The procedure for the rapid sale of small and midsize enterprises was under way for 41 enterprises through the end of January, and selling transactions for 11 enterprises was concluded during this month.



Through the end of January, 28 large enterprises were privatized in a separate procedure. Earnings from the sale of stocks (shares) totaled 2.1777 trillion zlotys.

Feb 1992 Economic Indicators Given

92EP0305B Warsaw RZECZPOSPOLITA (ECONOMY AND LAW supplement) in Polish 19 Mar 92 p I

[Article by Ada Kostrz-Kostecka: "Central Statistics Office on the February Economy: Lower Production and Inflation"]

[Text] The beginning of the year did not turn out badly for everyone. In February, according to GUS [Central Office of Statistics] data, earnings from sales in industry declined by 5.1 percent compared with January; however, they rose by 5.6 percent in construction. Wages in industry also declined, but less than sales. The details follow.

Industry

Earnings from the sales of products and services in February 1992 declined by 10 percent compared with the same period last year, and were 5.1 percent below such earnings in January 1992 (with two less workdays). By comparison with the previous month, production in the food industry showed the greatest decline (7.4 percent); however food production was 0.3 percent higher than a year ago. The next greatest decline was shown by the electrical engineering industry (results were 6.8 percent below January results). The drop in metallurgy, in which the production decline was 1.5 percent, was the least noticeable. If one looks at the particular branches, it is evident that in several branches, sales of products and services were somewhat better than in January (the leather industry increased by 3.3 percent, nonferrous metals increased by 3 percent and the power industry increased by 0.2 percent).

Construction

Earnings from sales of products and services in the construction industry were 43.4 percent higher in February than last year (compared in current prices). Earnings were 5.6 percent higher than in January, and they were 4.8 percent higher in construction-installation production. A total of 31.2 percent more housing units was placed in service in February than in January. The determining factor here was primarily cooperative housing construction (54.5 percent more). Construction was begun on 16.4 percent more housing units. In all probability, the cooperatives mobilized in conjunction with approaching changes in the principles of awarding credit. Meanwhile, the number of housing units on which construction was begun declined by comparison with the beginning of the year (by 2.8 percent).

Prices

The price increase for goods and services amounted to 1.8 percent over January, while the price of goods increased by 1.9 percent. For food items the greatest price increases were for: dairy products and eggs, butter, potatoes, vegetables, fruits, and processed fruit products. For nonfood items, prices increased for: cosmetics and perfumes, clothing, footwear, detergents, and soaps. Average procurement prices for the more important farm products were 4.7 percent higher than in January (they were 7 percent higher than in February of last year).

Wages

The average wage in six sectors of the national economy in February was 2.4939 million zlotys [Z] (gross), and Z2.4305 million exclusive of profit-sharing (Z2.1101 million net). This was 25.5 percent more than a year ago, and 1.1 percent less than in January. In industry alone, net emoluments declined compared with January by 0.5 percent, which included an 8.2 percent decline in the extraction industry and a 1.8 percent increase in the processing industry. Average gross emoluments including profit-sharing were: Z3.907 million in the fuels-power industry; Z2.7393 million in the metallurgy industry; Z2.2605 million in the electrical engineering industry; Z2.473 million in the chemicals industry; Z2.1954 million in the minerals industry; Z2.1115 million in the timber-paper industry; Z1.9011 million in light industry.

Balance of Payments

According to GUS, in January 1992, this balance was negative and was set at $89 million. This constitutes an improvement over January 1991 (at that time the balance was - $798 million), but it should be noted that in December 1991, the balance of payments was positive. The balance of payments for goods was positive in January ($51 million). To some extent, this is indicative of the balance of turnovers in foreign trade at that time. Unfortunately, GUS is not providing any further data at present, and more detailed information will be forthcoming in the next GUS communiques. Apparently, the introduction of SAD [Standard Administrative Document] in the clearing of dutiable accounts is delaying the statistical information.

In addition, GUS has not yet reported the balance of private income and outlays and enterprise income and outlays for February. According to GUS data, state budgetary income was Z34.797 billion in the first two months of this year, and Z15.030 billion in January alone; correspondingly, outlays were Z42.781 billion and Z19.447 billion in January. Taking into consideration foreign credits balances, the combined budget deficit at the end of February was - Z8.601 billion (- /Z4.983 billion in January).

Polish Ocean Lines Statistics, Leasing Issues

92EP0305A Warsaw GLOB 24 in Polish 19 Mar 92 p 13

[Article by Wlodzimierz Bieron: "Ships for Hire"]

[Text] "Line shipping is becoming an activity for the seafaring elite. At the coming turn of the century line shipping will be dominated by a maximum of 10 shipowners," claims Henryk Dabrowski, PLO [Polish Ocean Lines] director. The PLO plans to find itself in this select company. It is not that the PLO is ambitious, but that it must do this to stay afloat.

The PLO is the owner of 80 ships, of which four sail under foreign flags. Nineteen are utilized by the Euroafryka Company, which is an outgrowth of the Szczecin branch of the PLO. The PLO fleet sails to the Near East and Far East, to the ports of Southeast Asia and Southern Asia, to the North Pacific and to New Zealand, through the Atlantic to North and South America and to the Caribbean. It sails around Africa and through the Mediterranean Sea, the North Sea and, of course, through the Baltic.

Our national shipowner, however, is carrying fewer and fewer Polish cargoes. The share of Polish cargoes in PLO transports is the best evidence of the state of the Polish economy and the severity of the recession. In 1991, Polish cargoes constituted 30.5 percent of the cargoes carried on Polish ships; this represents a decline of 21 percent over two years. During this same period, the PLO obtained 18 percent more cargoes from foreign contractors; in 1991 this represented 56.7 percent of all transports.

Meanwhile, the share of transit cargoes transported by sea to Polish ports shows the greatest decline, followed by a drop in the share of transit cargoes transported by rail or truck primarily to Czechoslovakia and Hungary. In these countries, foreign trade has also fallen off; moreover, the route through the German ports and, until recently, through the Yugoslavian ports, was more convenient as well as being cheaper. Over the course of the past two years, transit has declined by 26.7 percent, and its share in PLO transports in 1991 was 12.8 percent. Last year, PLO carried 5.2 million tonnes of goods.

Line shipping requires, above all, regularity and promptness. The PLO fleet of ships is quite old: The average age of its ships is more than 10 years. The fleet has been modernized only partly and it is not in a position to comply with the regularity and promptness requirements, at least on some routes. In order not to drop out of the market, the PLO is seeking partners for this business. It has already found a willing partner—the French shipowner CMA, with which the PLO is jointly utilizing the Far East line. The French have designated eight ships for this service, while the PLO has designated four. The joint clearing of accounts considers proportions in terms of the cargo area of both shipowners involved in the transports.

According to Jacek Mieszkowski, director for utilization affairs, "to uphold the reputation of a ranking carrier, the PLO must restructure, and seeking partners to set up joint investments is one of the elements in this process. The second element is the more efficient management of the firm's assets by separating the function of owner of assets from the function of user of assets."

This was the underlying intent of the Euroafryka Company, to which 19 PLO ships were transferred. This company has been in operation since September 1990. It uses all the Baltic connections and sails to North and West Africa. The company leases the ships, which continue to be the property of the PLO. The PLO makes money through leasing and also by holding shares in the company. In the past few months, the privatization of Euroafryka took place. Employees were offered 10 percent of the shares; 38 percent of the shares have already been sold, and the PLO plans to reserve 45 percent in the company for itself. This will make it possible for the PLO to maintain control over the company.

The example of Euroafryka demonstrates that this system of managing a fleet effects a favorable change in labor force work quality, thus impacting an increase in profitability, which is ultimately the most important thing.

Thus, the PLO plans to hire out all of its tonnage to shipping companies, ensuring for itself control shares in these companies. There are ships for hire.

The number of ships in a fleet is not necessarily indicative of its position. The German shipowner Hapagloyd has only 27 ships, but it is one of the most important carriers in the world. Forming companies and maintaining lines together with other shipowners also makes it possible to dispose of old, small, uneconomical ships. The per-unit costs for large ships with a carrying capacity of 40 DWT [Deadweight tons] decline by as much as 40 percent by comparison with ships half this size. The minimization of losses or, if possible, the maximization of profits, also depends upon the optimal selection of tonnage.

It is becoming more and more difficult worldwide for line shippers to obtain cargoes, since trade exchange has been on the decline for several years. However, the PLO considers the greatest threat to be the lack of any sort of state sea policy. The broken down financial taxation system and legal system and, in particular, the lack of vision (i.e., is our presence on the sea necessary or inconsequential to the state?) do not serve to improve our shipping. And no one will guarantee us a spot in the 10 Club.

State Trucking Company Operating in New Manner

92EP0329A Warsaw RYNKI ZAGRANICZNE in Polish No 31, 12 Mar 92 p 8

[Article by Stefan Sokulski: "Struggles With Financial Regulations and Competition: Difficult Year for Pekaes Auto-Transport, S.A."]

[Text] Our largest international motor carrier, Pekaes Auto-Transport, S.A.[corporation] has been operating for several months now as a holding company made up of eight private firms, with five firms handling freight transport, and one each performing expediting, the export and import of spare parts and rolling stock, and passenger transport.

All the new units have complete independence in their actions and are free to try to outdo one another, so long as it is on the generally accepted principles of fair competition. Auto-Transport has mainly retained responsibility for trade and investment policy. As Jerzy Pochec, chairman of Pekaes Auto-Transport, emphasizes, another important direction of operations will be to develop comprehensive service to customers, from expediting, to manufacture and storage, to customs services and the delivery of the product to a specified address.

Transforming a state enterprise into a holding company has already produced quantifiable benefits. First, the private firms are not burdened with the "ppww" tax [tax on above-the-plan growth of wages]. Moreover, it has become possible to make a comprehensive analysis of operating effectiveness. Employment was recently reduced by about 1,000 persons (to 3,300 persons) without any adverse effect on the firm's productivity. At the same time, earning rose by about 50 percent.

The greatest worry today is not the tremendous competition in Poland among the many firms involved in foreign transport; most of these companies are small enterprises with a rather specialized rolling stock, with fees running to millions of zlotys for each vehicle going abroad. In addition, it will be necessary in the future to show financial insurance of about 3,000 ECU's [European Currency Units] per vehicle. Will such amounts in bank accounts not be like frozen cash?

The high fees for licenses and insurance are weeding out a certain number of carriers, but foreign competition may prove far more dangerous. If the financial regulations are not changed, Polish roads will be travelled predominately by carriers of foreign firms.

The year 1991 was another year when profitability declined, while turnovers remained at $100 million. Although profits were at the 30 percent level in 1990, by last year they had dropped to 8 percent and were falling still further, but how could it have been otherwise, when tariff increases day to day on the international market were making operations on the international market impossible, and costs rose last year 380 percent?

Fortunately, this 8 percent profit still meant about 80 billion zlotys [Z], and it was somehow possible to make ends meet, but not so long ago, profits ran between Z300 and Z400 billion, and it was possible to allocate more for investments and replacement of rolling stock.

The most important matter is to get through the next year or so. There will therefore be no new rolling stock this year, and all investments will be concentrated on expanding the warehousing network. Management will not be thinking about new trucks or buses for a year, when the company will be standing more firmly on its feet. At the moment, 1,350 trucks and 15 buses will have to suffice.

The chief tasks for 1992 are to increase active acquisitions, expand contacts with foreign partners, augment expediting services, and develop small packet transport. Alongside transport along the traditional routes leading, for example, to the FRG, France, the Benelux countries, Great Britain, and Italy, there are plans to go into the Scandinavian market and to the countries of the Commonwealth of Independent States, including Byelarus and Ukraine. Pekaes, after all, has an agency in Kiev. Transit traffic, especially from the EEC to the CIS [Commonwealth of Independent States], will also receive more attention.

It is not possible to change everything. Border crossings will still be a barrier to developing motor transport. Pekaes trucks wait an average of 39 hours at the border. Each hour lost in this way must be paid for, and in addition, only one trip can be made to the FRG, when otherwise two would have been possible.

UDMR: Police Raid Churches, Pastors' Homes

92BA0738A Budapest NEPSZABADSAG in Hungarian 24 Mar 92 p 3

[Article by Peter Mag: "The Democratic Union of Hungarians in Romania Protests Against Abuses of Power by the Police"]

[Text] "The fact has once again been confirmed that the conditions of a constitutional legal system are not guaranteed in Romania," one reads in the protest that the Democratic Union of Hungarians in Romania [RMDSz—in Romanian UDMR] has lodged because of the harassment of ethnic Hungarians in Kolozs [Cluj] County by the police.

The protest points out that on 19 March police teams carried out simultaneous searches of the homes of the village RMDSz chairman, Imre Zeyk, and the Protestant minister, Zoltan Szoke, in Tordaszentlaszlo [Savadisla], and also of the home of the Protestant minister, Lajos Barta, in Magyarleta [Liteni]. After searching the rectories, the coordinated police action continued in the Protestant churches of the two localities. The purpose of the harassment, under the personal supervision of Kolozs County's deputy police chief, was to discover the hiding places of misappropriated donations from abroad. From the investigation methods employed, however, it was unambiguously clear that the dispatched police teams had received quite different instructions. The harassment ended without success at all five locations, and the police authorities were obliged to drop the obviously false charges against the persons concerned. The RMDSz national presidium labeled as a serious abuse of power the interference of the police, by investigating the trail of church donations when neither of the parties directly involved—i.e., neither the donor nor the recipient—had filed a complaint. The fact that in Tordaszentlaszlo the newly elected mayor and village council are preparing to celebrate the 800th anniversary of the canonization of King St. Laszlo, the village's namesake, lends special color to the happenings there. From them one may obviously conclude that the purpose was to intimidate the civilian and church leaders of the ethnic Hungarians in Kolozs County. The RMDSz protests against the desecration of Hungarian churches in Transylvania, and the harassment of Protestant ministers and RMDSz leaders. It requests the Romanian Government and institutions to prevent any recurrence of similar abuses, and to see to it that the conditions of a rule-of-law state and constitutionality are guaranteed in Romania.

In the protest that it sent to the county prosecutor's office, the Kolozs County organization of the RMDSz, among other things, reserved the right to turn to the competent national and international agencies in similar situations.

UDMR's Political Wings Adopting Platforms

92BA0738B Budapest MAGYAR HIRLAP in Hungarian 24 Mar 92 p 3

[Article by T.B.: "Platforms Are Being Adopted Within the Democratic Union of Hungarians in Romania"]

[Text] The right to adopt [separate] platforms is guaranteed in the bylaws that the Democratic Union of Hungarians in Romania [RMDSz—in Romanian UDMR] Congress approved last year. Is that right being exercised or abused within the organization? That question inevitably arises now when a new group emerges within the union practically every week. After the Transylvanian Hungarian Initiative, another group, calling itself the "Liberal Circle," has now adopted a platform. While the first group's professed orientation is Christian and national, the second group follows the liberal line. The latter's base of support is rather narrow: only 34 supporters have signed its platform.

Aligned against the two groups are the "25" who recently have appealed for unity, warning that, for the time being, questions affecting the very existence of ethnic Hungarians are far more important than political nuances. However, the presidium does not agree with them; at its latest session and by majority vote, it castigated the signatories of the unity appeal. And we have not yet mentioned Geza Domokos, the president of the RMDSz, who has just issued an individual statement. "As a person nearing the end of his political career," he feels that the presidium had acted improperly in voting for its castigating resolution, "and inadvertently creates the impression that it wants to influence those who alone are entitled to accept or reject the appeal." Geza Domokos is convinced that, at the next congress, the members of the presidium will be free to join any group with a platform of its own. But until then "they are obliged to represent the other members of the RMDSz." The president of the organization representing ethnic Hungarians does not regard the adoption of [separate] platforms as a harmful process in itself, because it may enrich the union with new theoretical values and charge it with new energy. But Geza Domokos hastens to add that all this can happen only if everyone, and particularly the leaders of the newly forming groups, respect the organizational rules and moral code that "stem from the common interest and the generally accepted unity agreement."

Tokes on 'Self-Determination,' FSN, Platforms

92BA0738C Budapest NEPSZABADSAG in Hungarian 28 Mar 92 p 3

[Interview with Laszlo Tokes, bishop of the Kiralyhagomelleki Reformed Church District, by Gergely Bartfai in Budapest on 27 March: "This Is Not Yet the Time for Platforms"—first two paragraphs are NEPSZABADSAG introduction]

[Text] Laszlo Tokes, bishop of the Kiralyhagomelleki [Pasul Craiului (Oradea)] Reformed Church District, is

in Budapest as the guest of the European Protestant Congress, at which he presented a report on national and religious minorities. After his press conference on Friday, the bishop from Nagyvarad [Oradea] gave NEPSZABADSAG an interview.

At the press conference Tokes expressed his gratification that the churches finally are attaching special importance to the problem of national and religious minorities. It is essential that Europe's attention be directed to this destabilizing factor peculiar to East Europe, he declared. The bishop spoke with concern about the revival of the Ceausescu doctrine, which holds that the situation of a country's minorities is its own internal affair. However, the principle of self-determination applies to Transylvania's ethnic Hungarians in the same way as it does to Moldava's ethnic Romanians, he added.

[Bartfai] First, what is your opinion of the National Salvation Front [FSN] Congress?

[Tokes] I regard the Front as the Romanian Communist Party's successor. It is split by a demagogic power struggle. Petre Roman did not hesitate to play the nationalist card, and he was also Vatra's principal supporter. Iliescu preferred to just drift with the tide.

[Bartfai] As the honorary president of the Democratic Union of Hungarians in Romania [RMDSz—in Romanian UDMR], could you tell me with which Romanian political parties would the union be willing to cooperate?

[Tokes] Nationalism, unfortunately, is a determining characteristic of the democratic opposition parties as well. Even the most European among them, the Civic Alliance Party [PAC], tends to make concessions to nationalism at every step. Only a narrow intellectual elite could come into consideration as the RMDSz's ally. If I have to rank the political parties, we can count primarily on the National Peasant Party [PNT] and the Civic Alliance.

[Bartfai] What is your opinion of the adoption of [separate] platforms within the RMDSz?

[Tokes] In my opinion, this is not yet the time for platforms. There are no pronounced differences within Romanian society that would warrant platforms. From the viewpoint of pluralistic politics, of course, I regard differentiation as inevitable and merely question how and when it ought to take place. Considering the situation of Romania's ethnic Hungarians and within the RMDSz at this moment, on the eve of elections, I do not think that the time now is very opportune to urge essential structural changes. However, one cannot oppose these aspirations and has to accept them as reality.

20,000 Demonstrate for Hungarian Schools

92BA0738D Budapest NEPSZABADSAG in Hungarian 11 Mar 92 p 3

[Article by Peter Mag: "Demonstration in Csikszereda for Hungarian Schools"]

[Text] Twenty thousand people attended the Csikszereda [Miercurea Ciuc] rally organized by the Democratic Union of Hungarians in Romania (RMDSz) [in Romanian UDMR] and the Federation of Hungarian Teachers in Romania.

The rally's participants—parents, apprentices, students, and teachers—were demanding the enforcement of, and respect for, constitutional minority and educational rights; the remedying of the shortcomings in the new education bill that is being drafted; guaranteed full exercise of the right to instruction in one's native language; the teaching of all subjects in the native language; and application of the principles of a democratic policy on education. They included their demands and proposals in a proclamation to the government and the public.

The RMDSz organizations and teachers of Udvarhelyszek [historic district whose seat was Szekelyudvarhely (Odorheiu Secuiesc)] and Gyergyo [historic district whose seat was Gyergyoszentmiklos (Gheorgheni)] sent delegates to the rally. Incidentally, similar rallies are being held in Szekelyudvarhely today, and in Gyergyoszentmiklos on Friday; among other things, in support of the protests against the activity of a team of inspectors from the ministry who are now in Hargita [Harghita] County.

As it turned out, the inspectors from the ministry had objected to the Hungarian signs and nameplates they had found on the buildings or inside the Hungarian schools. They had also voiced their disapproval of the fact that many teachers were teaching Romanian history and geography in the student's native language rather than in Romanian, the language of instruction prescribed by the ministry.

New Cluj Mayor on Terminating Hungarian Schools

92BA0738E Budapest NEPSZABADSAG in Hungarian 11 Mar 92 p 3

["Excerpts" from Cluj publication SZABADSAG of an interview with Gheorghe Funar, mayor of Cluj, by Maria Gal; place and date not given: "Kolozsvar's Mayor and Separatism"—first paragraph is NEPSZABADSAG introduction]

[Text] Gheorghe Funar, the new mayor of Kolozsvar [Cluj], has promised to close the Hungarian schools. The Kolozsvar daily, SZABADSAG, has placed at our disposal an interview with Funar by Maria Gal. We present the most interesting portions of that interview.

[Gal] As a candidate you said that a long and illegal road leads from the legitimate demands to preserve the Hungarian national minority's identity, language, and traditions, to the separate Hungarian schools. How do you interpret that illegality?

[Funar] Our laws that are in force do not call for the separation of schools on the basis of ethnicity. At the beginning of 1990, that separatism confronted us as an accomplished fact. A paradoxical situation arose here in Kolozsvar. The Romanians neither have nor want Romanian schools. But there are joint schools, and also Hungarian schools from which Romanian students and teachers have been excluded. As a result, Romanian children are attending school in three or four shifts, in contrast to only one shift for Hungarian children. Because of that separatism, it is not possible to make efficient use of the available classrooms. That has a negative effect on the students and their education.

[Gal] Therefore you would like to put an end to educational separatism; in other words, to close the separate Hungarian schools.

[Funar] I want to obey the law. It does not prescribe the separation of schools.

[Gal] What is your standpoint on the question of Bolyai University?

[Funar] The establishment of a separate Hungarian university is not warranted. In my opinion, it would not provide suitable training for young ethnic Hungarians and would make it difficult for them to fit into Romanian society. Students who graduate from the Hungarian university will not be able to work on the country's entire territory, and professionally they will be at a disadvantage by not having mastered the official language.

[Gal] During the election campaign you and your party placed strong emphasis on Hungarian revisionism and the Hungarian threat. Do you truly believe that such a threat exist, that we ethnic Hungarians are a threat to Romania's integrity?

[Funar] It is not Romania's Hungarian minority that is posing a threat. Hungarian revisionism is being fueled by certain leaders of the RMDSz [Democratic Union of Hungarians in Romania—in Romanian UDMR], a few members of the Hungarian government, and a handful of emigres living in the West, primarily in Canada and the United States. Because the Hungarian minority in Romania is not making public its own standpoint in conjunction with the extremist statements, in some instances that can be misinterpeted to mean that it shares those views. This ambiguity and the absence of a standpoint result in that very many Romanians are receiving with reservations even the well-intentioned statements.

[Gal] What is your message to the Hungarian residents of Kolozsvar?

[Funar] I wish to thank those who voted for me in the second round, but I also appreciate the standpoint of those who supported the Democratic Convention candidate. The elections are over, and the problems of our city have to be solved jointly. The problems of everyone, whatever their native language. To me, every resident of Kolozsvar is equal, and I would like to serve them equally.

Central Bank Governor on Alleged Gold Sales

92BA0790A Bucharest CURIERUL NATIONAL in Romanian 8 Apr 92 pp 1, 6

[Interview with central bank Governor Mugur Isarescu by Adrian Vasilescu; place and date not given: "Does Romania Sell Gold?"]

[Text] The country's treasury is well guarded. The gold scandal confirms the prestige of the central bank. Is the governor on shaky ground?

Someone recently wrote that "Governor Isarescu is on shaky ground." The news followed several accusations against the central bank: that it sells gold; that it refuses significant offers of foreign loans extended to Romania; and that it confiscates currency from the economic sector. This time however, the rumor that the governor of the central bank would be deposed, was linked to a supposed intervention from Petre Roman. We felt it would be interesting to find out what the person in question, Mugur Isarescu, thought about this situation.

[Vasilescu] Is it possible that you might leave your position as governor?

[Isarescu] I do not intend to resign. There has been no pressure in this regard. And at least for the time being, there are no other reasons for me to do such a thing.

[Vasilescu] The rumor is that you will be dismissed, not that you would resign!

[Isarescu] The governor of the central bank, together with the whole board of directors, is appointed by the legislature. The appointment is for eight years. I can of course be forced to resign, but only with parliamentary approval.

[Vasilescu] What do you think about the accusations leveled against you?

[Isarescu] I don't think that they are aimed at me, personally. These are attempts to strike at the prestige of the central bank.

[Vasilescu] But the attacks are against decisions you took!

[Isarescu] What they probably don't know, is that I do not decide alone. The decisions adopted here at the central bank are of capital importance for the country.

They cannot hinge on a single person, no matter who it is. The board of directors has the final say. The governor has only one vote.

[Vasilescu] Who can decide to sell gold?

[Isarescu] Only the board of directors! Belonging to this organization are persons who are well known in Romania, and whose background and reputation are above any suspicion.

[Vasilescu] What is the truth regarding the sale of gold?

[Isarescu] Romania sold gold in 1986 and 1987 at Ceausescu's orders. Not one gram has been sold since then! But rumors to the contrary did arise, and we are placed in the situation of having to make a huge, as well as delicate effort to deny the gossip circulated on this subject.

[Vasilescu] Why do you consider this effort "delicate"?

[Isarescu] Because a denial can kindle a contrary reaction both in Romania's public opinion and in international circles. It could give rise to suspicions.

[Vasilescu] But how did the gold scandal originate?

[Isarescu] The gold that Romania sold in 1986 and 1987 was stamped with the central bank seal. I should say that this is one of the ten internationally recognized gold seals. Gold bearing this seal does not need to be remelted. But once sold, this gold "walked around." In practical terms, it became "depersonalized." But since the seal is recognized, the one who has it can resell it, and that is what happened. But now, one of Romania's fundamental institutions, one with a prestigious reputation, is beginning to be undermined. I find myself forced to reiterate what I have already said, that not one gram of gold has been sold in Romania after 1987! What is more, in 1989, under the dictatorship, the central bank bought 20 tonnes of gold to strengthen the reserve.

[Vasilescu] How much gold had been sold?

[Isarescu] More than 60 tonnes. Twenty tonnes were bought in 1989. During that same time, the reserve grew through accumulations from domestic gold production that were added to the country's treasury.

[Vasilescu] Is the domestic production still secret?

[Isarescu] We produce about 2 tonnes of gold per year. In 1970, we were producing 8 tonnes, and the production dropped dramatically afterwards. We had reached 1 tonne per year, but now we see some increase. To start a rumor that the country's gold reserve is decreasing, when in fact it is increasing, can only be calumny.

[Vasilescu] Where is this reserve kept?

[Isarescu] In Romania, at the central bank. Many countries keep their gold reserves abroad, generally in Switzerland. We have not followed this international practice.

[Vasilescu] Is that good or bad?

[Isarescu] It creates several problems. First of all, access to the central bank becomes subject to extremely severe restrictions; it could not be otherwise when that is where Romania's treasury is kept. Whether it is good or bad depends on your point of view. Since it is within the country, the treasury cannot be used as collateral for foreign loans; that is the disadvantage. But the fact that, whether we like it or not, we are forced to resist the temptation to "mortgage" the gold, can only be a good thing.

[Vasilescu] Thank you, Governor.

Vojvodina Journalists Score Serbian Government

92CH0768A Budapest MAGYAR SZO in Hungarian 1 Apr 92 p 4

[Open letter by the Independent Vajdasag Journalists Association to Helsinki Watch; date not given: "Open Letter to the Helsinki Watch"]

[Text] Section 8 of the Serbian government's reply regarding its report on the Helsinki Watch deals with the situation of the media of mass communication and the related measures taken by the authorities, but in an imprecise and false manner.

Already the first paragraph states that the statements made by the Helsinki Watch regarding media journalists in Vajdasag being harassed, arrested, degraded, or dismissed from their jobs, are untrue because facts prove otherwise.

Most Vajdasag writers rejected the degraded status in which they were forced to provide inciting and false information, were not allowed to do their jobs in a professional and objective manner, were publicly accused of being paid agents, fifth columnists and traitors, and were constantly threatened with dismissal.

This began in October 1990 when, in violation of the law and with no justification whatsoever, the heads, editors in chief, and other editors of all media in Vajdasag were dismissed with an official decree just before the first multiparty elections in Serbia. This decree was signed, in the name of the Vajdasag Executive Council, by present government head Dr. Radoman Bozovic. The government's claim that these jobs were publicly advertised at that time is true, but the government remains silent about the fact that at the elections it disregarded the opinions of publishing houses and editorial offices, which it previously solicited. On the contrary, persons who won the least number of votes by colleagues and coworkers were appointed to leading positions. With the placement of these selected yes-men in key positions, a blatant unprofessionalism and a period of eliminating objective information began—which became the exclusive instrument of the party in power and of the regime. The resisting journalists (of whom there were many) were degraded, both in their status and pay, were hindered in doing their work, and were constantly threatened with dismissal. Five journalists were indeed dismissed at the editorial office of the Ujvidek Television's Hungarian section, which projected their intentions regarding the other staff members, but in the end they did not follow up after all because of the pressure exerted by the Independent Journalists Association as well as the public.

The only thing that did not occur was an actual arrest although the hindrance of free travel abroad could be considered such. Constant pressure is put on those editorial offices, e.g., that of 7 NAP and MAGYAR SZO, which collectively resisted these forced solutions by not accepting the new chiefs and editors in chief because the latter have never been journalists or are unfamiliar with the newspaper's language, accusing them of being separatists, traitors, and hostile towards Serbia. The 7 NAP organized a strike to gain its rights, and the MAGYAR SZO, the only Hungarian-language daily paper, is threatened with termination, the fate of the RILINDJA of Pristina. The situation in the other minority media in Vajdasag is similar.

The government deceitfully uses the resolutions made by the Vajdasag House of Representatives as a cover for everything it did, i.e., the resolutions of a house of representatives that lost its legitimacy a long time ago because its members were elected in accordance with the old constitution, and are delegates (and not representatives) of a party organization that ceased to exist two years ago. Whom do the delegates of the onetime Communist Alliance of Vajdasag or the Vajdasag Working People's Socialist Union represent today? This is Europe's last bolshevik house of representatives. This house of representatives keeps taking advantage of the chaos that emerged in the constitutional system, according to which, the Vajdasag had three valid constitutions (the old Yugoslav, the new Serb, and the old Vajdasag constitution): It makes decisions on mass communication, disregarding all three constitutions and referring in all cases to the other constitution. Because of the above, the Independent Vajdasag Journalists Association turned to the Vajdasag and Serb Constitutional Courts to defend [their] constitutional rights. This happened in late 1990, and to date no reply has arrived. Representatives of the Independent Vajdasag Journalists Association participated in a conference at the Vajdasag Constitutional Court, but no decision was made because the process was drawn out in anticipation of closing down the Constitutional Court, which did indeed happen. To date, the Serb Constitutional Court has failed to inform us about the status of our demands. We have raised the issue of the Vajdasag mass media several times, both at the Vajdasag house of representatives and the Serb house of representatives but, in the Vajdasag, Dr. Radoman Bozovic has always taken it off the agenda, claiming that the issue was under Serbian jurisdiction and, similarly, in the Serbian house of representatives, he has claimed that it should be forwarded to the Vajdasag house of representatives. This is how we have come full circle, which they now naively try to deny.

The Independent Vajdasag Journalists Association and its members, both of whom have openly resisted the war and warmongering journalism, are now being attacked again because local and Vajdasag elections are approaching, which the regime wants to win with journalism's complete moral and professional degradation again, which we cannot put up with.

Jovanovic's Mission To Improve Serbian Image

92BA0774D Belgrade VREME in Serbo-Croatian 9 Mar 92 pp 10-11

[Article by Dusan Reljic: "Minister of Refinement"]

[Text] For every citizen of Serbia satisfied with his republic's foreign policy, there are two who are dissatisfied. A third has not arrived at a definite opinion. Two-thirds of those polled under age 29 are dissatisfied with the government's position toward foreign countries. A survey of the Social Sciences Institute in Belgrade just published has shown this. Nevertheless, in that same survey Vladislav Jovanovic (59), chief of the republic's diplomatic corps, was among the few figures whom some of the participants generally remembered as a politician in whom "one could have some trust." Jovanovic is among the rare members of the Serbian government for whom even representatives of the opposition have been showing understanding. The foreign "professional public" is well disposed; one British newsman passed on the opinion of the Foreign Office to VREME this way: "They liked the boy."

The popular press has brought the minister closer to the voting masses by portraying him as a reasonable and modest home-loving man who writes poems and plays chess in his free time, while his grandchild sketches "national heroes," Prince Marko and the rest. Last summer, he published a book of poems with the enigmatic title *"In Search of Searching,"* and the other day he made the first move at the international women's chess tournament in Belgrade.

The Prescribed Courtesy

Slobodan Rakitic, representative of the group of deputies of the Serbian Renewal Movement (SPO) in the Serbian Assembly, told VREME that "Serbian diplomacy has all the faults of the Serbian regime, somewhat moderated, it is true, thanks to the person of the foreign minister." By contrast with almost all the other officials of the regime, Jovanovic does not deny the good intentions of the opposition with respect to resolving Serbian problems, but delivers his criticism at a level at which dialogue is possible, Rakitic said.

Prof. Radoslav Stojanovic, foreign policy specialist of the Democratic Party, judges that Jovanovic "is obviously conducting a policy in keeping with what is decided somewhere else, and he does not take part in shaping it, which is a pity, because he seems closer to real solutions."

The managers of the present government were noticeably interested in using Jovanovic as an important figure in building Serbia's new and softer image. In the middle of last month, POLITIKA devoted more than three full pages of its weekly edition to an interview with the minister, informing its readers that "because it is not possible to publish the text of this interview in its entirety," it had selected only "the most interesting sections." That same honor has now been accorded even to Prime Minister Radoman Bozovic. What is more, the participants in the interview agreed that "Serbian diplomacy is becoming a cohesive element in Serbian domestic policy."

Jovanovic stepped out of decades of anonymity as a bureaucrat onto the political stage on 1 August of last year, but for a long time after that he was under the watchful eye of experts at discovering Vatican-German-Comintern plots against the total Serbism of Budimir Kosutic. The latter was finally driven out together with the previous prime minister before his political horror stories completely discredited the positions of his main employer. This freed Jovanovic of an unpleasant tutor and gave him greater freedom of action, within narrowly stated limits, of course.

By contrast with the first of the post-Yugoslav Serbian foreign ministers, the stale and unrestrained Aleksandar Prlja, who mainly communicated to foreign counterparts a red face, a raised tone of voice, and a lifted threatening finger, Jovanovic, at least at the beginning of his ministerial career, has set foot on the international diplomatic parquet with the prescribed courtesy. However, there are signs that a boiling national frustration is beginning to break through his diplomatic veil more and more.

Thus, during a recent joint press conference with his Bulgarian counterpart Stoyan Ganev, in a desire to be in the right, he displayed unusual persistence which passed over into obstinacy. Among other things, he said that the guest had "been alerted to the anti-Serb campaign in the Bulgarian media, in which Serbia and Serbian policy and the Serbian people had been inaccurately and maliciously portrayed" and that Ganev had been "asked to do what was in his power to prevent the occurrence of such irresponsible behavior in the media." Before that statement, it appeared that the time of accusations of the foreign press for being in bad faith had gone never to return.

Soft on the Outside, Hard on the Inside

Foreign diplomats in Belgrade unanimously confided in VREME that they esteem Jovanovic as a fellow professional and that they are satisfied that they finally have a counterpart in the Serbian government with whom "it is possible to talk." To be sure, they have the impression that the minister is occasionally not altogether familiar with the precise content of the conversations of foreign ambassadors with Slobodan Milosevic, and that sometimes the minister interprets the views of the government considerably "more hard-line" than the president of the republic himself. "He is in principle soft on the outside, but very hard when it comes to the essence," was the assessment of one Western diplomat.

There is no room for doubt of his loyalty to the original creator of the entirety of the Serbian government's policy. In the recent past, Jovanovic has made several flights into the field of ideology, portraying himself as a

loyal follower ready to take a risk of seeming untrustworthy and indeed even fanatic in defense of his leader. Thus, Jovanovic represented Milosevic in an unexpected light to the Russian news agency Novosti, rejecting assertions that Serbia is the last bastion of bolshevism in Europe: "I would merely like to recall that back in 1986 he had a reputation as a rebel in East Europe, because he was one of the first to come out against the monopoly of the Communist Party to power and advocated introduction of a market economy."

In another interview, he offered an unconventional view of the function of the Conference on European Security and Cooperation: "Under the new conditions, Germany has no need whatsoever to create a Fourth Reich, because that new order in Europe is being obediently created for it by the Conference on European Security and Cooperation. It was, if you like, even devised to solve the German problem more easily as the Cold War winds down in Europe."

Recently, the minister has also alienated certain of his former colleagues in the federal diplomatic corps, portraying himself exclusively as the operative of his former great leader: "Tito's diplomacy was more personal and propagandistic, and less directly meant to serve the direct and priority interests of the national states." It is undeniable that these are the words of a convert—Jovanovic built his career for 34 years irreproachably in the institution which later he represents in such an ugly light. Above all, if we are to believe BORBA, at his farewell cocktail party in the Federal Secretariat for Foreign Affairs, which was attended by Budimir Loncar, Jovanovic said that "he would not betray the principles of Yugoslav diplomacy."

The Ability To Speak Instead of To Change

Aleksandar Nenadovic, the Belgrade journalist who is an experienced observer of the diplomatic scene, said in an interview with VREME that Jovanovic is "something else in the government team" and "does an unusually important job of correcting Serbia's bad image as a self-confident, hard, and parochial community enclosed in Balkan armor." "Jovanovic knows how to talk to the world, but that is not enough in itself, because Serbian policy has yet to prove that it is changing in essential positions," he stressed.

In Nenadovic's opinion, Serbia must assure the world that it is ready for democratic solutions both for its own internal relations and also for disputes with its environment. "It is not enough for Jovanovic to state with courtesy and refinement that Serbia is not at war and does not favor the forcible changing of borders, but the government must explicitly set itself apart from all those who still look in that direction," Nenadovic said, saying at the same time that Serbia has yet to prove that "it did not give up the war because it could no longer wage it, but also gave up the objectives for which it was waging it."

The primary objective was hopelessly ambitious: for "all Serbs to live in the same state." Mirko Tepavac, one of the Serbs who at one time helped to make Yugoslav diplomacy attain a reputation which nevertheless is indisputable, recently concluded in REPUBLIKA that "all have been defeated, but Serbia's defeat is nevertheless the greatest." "It is obvious and final that all Serbs will not live in one state" and "it is even a question of what will happen to the existing Serbia if the conjuncture of secessionism and separatism continues to be smothered exclusively by force and weapons," he warned.

No Response

Another of the burning issues is how to handle the Kosovo nightmare and how to talk with the West, at this point with Germany above all, because it has the most understanding for the principle of V.I. Lenin and Woodrow Wilson concerning the "right of a people to self-determination all the way to secession," and has the practical potential for helping those who advocate it. It is precisely on those two key points that Jovanovic's diplomatic skill has hung up: It seems that there is no formula within the given framework for initiating a dialogue with Tirana and Bonn.

In his speech in the extraordinary session of the Assembly on 27 February, he attacked Albania for having "committed an outright breach of the basic principles of international law and the standards of good-neighborly relations in having dared to commit the greatest crime in international relations of recognizing the illegal act of forming the independent state of Kosovo." Crime as a category of international relations? How can you ever sit down again at the negotiating table with a "criminal"? Or, how to overcome the silence with Germany when for weeks Jovanovic has somehow been unable to find room in his schedule to accept the invitation of Hans Dietrich Genscher that he visit Bonn?

The next great defeat of the foreign policy of the Serbian authorities will be when it assaults the wall of international refusal to recognize Serbonegro as the true successor of Yugoslavia. Jovanovic will not be able to do anything about that, because even the most subtle diplomatic polishing cannot miraculously make real successes out of the essentially wrong conceptions of the prevailing policy.

Personnel Changes in Yugoslav Army Officer Corps

92BA0774C Belgrade VREME in Serbo-Croatian 9 Mar 92 pp 18-19

[Article by Milos Vanic: "Twilight of the Generals"]

[Text] Those brief press releases of the SSNO [Federal Secretariat for National Defense]—the regular one on 22 December and the unscheduled one on 28 February—are only the tip of the iceberg known as the personnel problem of the army and around which the ship of state of the former Yugoslavia (formerly referred to as "the Titanic") still has to sail. The first promoted and decorated 57 senior officers on what was formerly Army Day,

quite in keeping with a tradition that is no longer suitable. Then on 28 February it was announced that "during this year the active military service terminates" for 30 generals, and that nine generals have been appointed to new posts. In the kind of tumultuous period of history that we have had over the past year, one might say that the personnel changes are nothing out of the ordinary concerning the total number of generals and admirals (at least 250 at any moment before the war). However, in the meantime the JNA [Yugoslav People's Army] has been left without a military minister, and the military districts have been reorganized, the Yugoslav Air Force has had three different commanders in less than a year, and the Yugoslav Navy two and has been reduced to one naval district (Kotor Bay) and temporary support points on Vis and Lastovo.

The Fortunes of War

By contrast with the complaining and self-pitying myth of "Serbia which wins the war and loses the peace," a certain number of generals have lost the war only to win the peace. Generals Zivota "as soon as we flick off the safety, the Slovenes will surrender" Avramovic, Andrija Raseta, and Nikola Uzelac lost Slovenia, all of Croatia, and Western Slavonia (in that order), but not their ranks and positions: on the contrary. Two Serbian defense ministers—Admiral Jokic and General Simovic—have gone off to important posts, probably because "Serbia is not at war," and the increasingly important place of Serbian military minister is being taken up by General Marko Negovanovic, during the Slovenian war chief of military security (the one who should have known what was waiting for the army in Slovenia and Croatia), and then chief of the Political Administration of the SSNO. The rocketing Dr. Vuk Obradovic (said to be the "gray eminence" of the SSNO) was afterward promoted to major general in his post as office chief of Veljko Kadijevic, and then he immediately became head of the Political Administration, traditionally one of the most powerful posts. General Zivota Panic, said to be a cool-headed and able officer, is becoming deputy chief of the General Staff, while the stars of Gen. Ratko Mladic and Gen. Vlado Vukovic are rising, although those two like to make political statements which are not exactly standard—or precisely for that reason? Milan Uvero has also been promoted to general in spite of a fair number of gaffes and certain disastrous public statements as spokesman of the SSNO ("not a grain of dust has fallen on Dubrovnik")—or because of them?

When we compare the lists of those decorated and promoted and the lists of those whose service in the JNA is being terminated, we see that some were promoted because they were retiring, others were decorated because their turn had come, and many were retired on an ethnic basis. Half of the departing generals are not Serbs; all those newly appointed at the end of February are Serbs. Of the 40 generals made or promoted on 22 December, only six are not Serbs.

Criteria for the Purge

At first glance, one would say that the criterion was participation in the war, not proven results, and perhaps that is the case. We should not forget, however, the smoldering tension between the generations in the JNA. The pressure of young, better educated, and ambitious officers from below has had an occasion to make itself felt in the past year, although it is a big question whether they have opportunities. Judging by the retirements and promotions, they do not. Some of those in the JRV [Yugoslav Air Force] and those who have spent the war fighting while others were fighting for ranks and positions will be overlooked. The old guard—in terms of position, not age—is holding on in spite of a series of grave mistakes over the past year and a half. Since the summer of 1990, the JNA omitted to prevent ethnic conflicts in Croatia on the one hand and the armament of the Croatian government on the other; it made a disastrous political mistake in opting for the SK-PzJ [League of Communists—Movement for Yugoslavia] and old communism; it brought out the tanks on 9 March and whispered secretly with Yazov; it was taken in by the war policy of Slobodan Milosevic and allowed him to conduct it in an escalation of the conflict in Croatia, and the former Yugoslavia has thereby been reduced to some small protectorate much like Namibia; it lost Slovenia and Croatia because it could not reconcile itself to the results of democratic elections—such as they were, but that is the rule of the game.... The JNA allowed itself to be drawn into two artificial wars and to lose both of them, spending up thereby the moral and political credit gained for 45 years. Who was responsible for that? Veljko Kadijevic, to whom Milosevic's demonstrators shouted "Ustasha" last fall under his window, and Dr. Seselj has been spitting on him for months now; Adm. Stane Brovet, one of the most able people in the JNA.

New Rules

At this point, we come to the concept of "ethnic hermaphroditism." This new expression in our political vocabulary was used by Lieutenant Colonel Ljubodrag Stojadinovic of the Political Administration, a man whose comments in the newspaper NARODNA ARMIJA often show a desire to stand apart from the anticipated monotonous approach. Lt. Col. Stojadinovic published in POLITIKA on 1 March his own interpretation of the new rules of the personnel game in the "remainder of the JNA," and that could have meant something. Speaking about the "natural, but also somewhat stimulated replacement of generations," the lieutenant colonel (who has a master's degree in sociology and is a man of whom they say that he expresses the feelings of the young and educated in the JNA) reproaches the SFRY Presidency (as if it had anything to do with this, but whatever) for the fact that "certain generals on the list remained personnel icons for such a long time, although their moral shabbiness and ethnic hermaphroditism were visible to the naked eye." The gossip mill regularly and immediately interpreted the "hermaphroditism" as an allusion to the mixed origin of Gen. Kadijevic (Serb-Croat). A bit more careful analysis, however, indicates that the reference was to something else: to the political option. Lt. Col. Stojadinovic speaks

a bit further on about "reducing the army to the dimensions of the projected territory of the state," and that rhetorical pearl is a key to the whole story and, incidentally, just like the expression "halving the army," much more picturesque.

"The projected territory of the state" of that state which on Friday Mr. Radoman Bozovic officially promised to the Serbonegrins in short cannot support this corps of generals, officers, and noncommissioned officers as a sizable portion of the persons remaining in regular service in the JNA. Then comes the most painful part of the defeat—discharge. Here, one has to be horribly cautious, because this is a painful and dangerous process. If Lt. Col. Stojadinovic's word is worth anything—and it has been up to now—this was the flight schedule: Croats and Slovenes, Macedonians, opponents of Slobodan Milosevic (or supporters—that will soon be evident), and supporters of the SK-PzJ. Only then came the turn of those who are incompetent and were defeated in the war—if they come at all. Incidentally, it has been nicely put: "Ethnic background has finally ceased to be an advantage or handicap in promotion," the commentator said. There remain the Serbs, the Montenegrins, the Muslims, and token representatives of the ethnic minorities. There is one colonel, a brilliant officer with a splendid combat record, who was promoted to major general, but was not awarded stars with the "branch"; the man is a Muslim; that need not mean anything, but it might—and that is what is uncomfortable in the whole story.

A year ago, the JNA faced a choice: Would it preserve Yugoslavia and let communism go to ruin, or would it preserve communism even if Yugoslavia went to ruin? It chose to preserve communism, and both communism and Yugoslavia have gone to ruin; that is a case of getting cleaned out twice. Lt. Col. Stojadinovic tries to put the matter into historical context: If the army had not been ideological (communist), he says, then the public would not have expected it to preserve the state; at the same time, the army should not have promised that it would preserve the state. Will a new and reformed army take an oath to preserve the state? Will a civilian in the post of defense minister, as announced by Mr. Branko Kostic on Friday, ensure effective parliamentary and democratic control of society over the army? Now the hens have come home to roost; incidentally, we will soon see the intentions of the remainder of the JNA in the example of Bosnia-Hercegovina: Has it learned the lessons of the past year and a half, will it preserve even a state that is not governed by Communists—regardless of what faith?

Economic Comparison of Slovenia, Serbia, Croatia

92BA0774A Belgrade VREME in Serbo-Croatian 23 Mar 92 pp 18-20

[Article by Zoran Jelicic: "Slovenia, Serbia, Croatia—For Whom Is It Less Bad?"]

[Text] Bosnia-Hercegovina [B-H] will soon have its own currency—so we conjecture from the most recent news concerning the negotiations of the three parties there. To be sure, the SDS [Serbian Democratic Party] is against establishing monetary authority in B-H; that is, it favors the confederal concept even in that area, but it is not very likely that a sovereign and internationally recognized B-H could function with three currencies. Nor are there any real reasons for believing that Macedonia will remain within the "dinar" system, so that Macedonia's monetary independence is primarily a matter of choice as to when and how it is to be done.

In other words, the ball has begun to unravel even in the economic area. It would be extremely improper to forecast how the various parties will fare in all this, but it is certain that the ranking will only be at the level of bad, worse, worst, which, by and large, would have occurred even if Yugoslavia's peaceful disintegration had not been "sealed" with heavy artillery. There is, of course, no doubt that all the new states will one day live better than they lived before the Yugoslav war, the only question is when that day will come and how much more expensive it will be than the missed opportunity for Yugoslavia's peaceful transition into the world of medium-sized and responsible states.

Wages

Creation of new national currencies in the Balkans is not the occasion for this article only because this was an important economic event last week. The main reason is that the attitude of the authorities toward their own currency precisely and clearly reveals the essence of the ruling regime both in general affairs of state and also toward each citizen. We need to constantly repeat that Joseph Schumpeter, a great name in economic thought, said that a sound currency is the best adversary for the authorities and that there is no more objective or effective opposition than a sound national currency. The propensity of totalitarian regimes of various stripes to usurp the mints is also well known, although it would not be proper to confine the manipulation of money just to them, because it is in the nature of politicians to promise more than is realistically feasible.

At the same time, it is almost impossible to sketch the picture of economic conditions in Ljubljana, Zagreb, and Belgrade: Ties have been severed, the statistical services are more or less under control of the authorities, sources of information are unreliable, and even with the increasingly numerous and large-scale strikes, we have yet to figure out who is behind them and why. It is self-evident that the decline in the standard of living is the main reason for the strikes: Toward the end of last year, average hourly earnings in Slovenia amounted to 3 German marks [DM], in Croatia DM1.5, in Serbia DM2, and in Kosovo DM0.50, while the German worker received DM38 and the Italian DM30. From that day to this, there is nowhere on Yugoslav soil where things have been able to improve; at the same time, only in Slovenia are there economists who estimate that the crisis there could bottom out before the end of the year.

Inflation

There is no reliable information about the level of current inflation in Croatia; one Zagreb newspaper reports that the rise of inflation in January was 15.8 and in February 15 percent, while another one is announcing that they are entering hyperinflation, referring to a January growth of 17 percent and a February growth of 22 percent. The authorities in all three states are saying precisely the same thing. They have all won large historical battles, only the malicious opposition refuses to see that. There is no individual citizen anywhere in those harangues. But they do turn up where it is most important: Confidence in the national currency is just another expression for the confidence of the citizens in the prevailing policy. According to the assessments of experts, the Slovenes have concealed from their state, in their house or abroad, about $2.5 billion; in Serbia, it is estimated that Serbian unpatriots are twice as wealthy. To be sure, in Slovenia the sensible sale of publicly owned housing brought the state about DM500 million, which is also a sign of confidence that a new nationalization of private property is unthinkable, by contrast with Croatia and Serbia, where the sale of housing is anything but an intelligent move on the part of economic authorities. In Croatia, for example, slightly more than 100 housing units have been purchased in half a year, but about 4,000 have been offered. Now that a term up to 32 years has been allowed for payment, the authorities are expecting a stronger inflow of foreign exchange from the sale of publicly owned housing.

Currencies

What impact is all this having on the position of the tolar and the Croatian and Yugoslav dinars, all of which are being held more by customs officials than national economies? At the official rate, a German mark costs 50-53 tolars in Ljubljana, about 70 Croatian dinars in Zagreb, and 85 of "the other" dinars in Belgrade. Traders in foreign exchange have been driven from the streets of Ljubljana, but still the exchange rate on the black market is only about 5 percent higher than the official rate, in Croatia about 10 percent, but in Belgrade the price is rising by approximately 5 percent a day, so that the mark has reached a price of 230 dinars. At the same time, it remains uncertain exactly who in Belgrade will benefit from the dizzying drop in the value of the dinar: The National Bank of Yugoslavia has issued a public accusation against Serbia's central bank that it has unlawfully increased the value of the mark to 110 dinars and that commercial banks are selling currencies at considerably higher prices without hindrance.

If the status of the national banks and their policies is taken as one of the most reliable indicators of where Slovenia, Croatia, and Serbia are going, that is, the kind of overall policy of those who head their governments, it is a likely conclusion that the greatest troubles await the inhabitants of Serbia. In short, as far as Slovenia is concerned, it is worth remembering that monetary authority there was against the government policy of creating its own currency. The Central Bank of Slovenia did not sign the decision to print the tolar: This was the currency of the Ministry of Finance in the Slovene government. In the meantime, the National Bank has built up reserves of foreign exchange, for one thing in order to move the trading in foreign currencies from the streets to the windows of the commercial banks. Today, you will see people in Ljubljana banks who have been waiting for hours for the most favorable moment to make a transaction between currencies (witnesses say that people are happy even with changes of less than 0.5 percent in the value of currencies). By all appearances, the position of the Slovene central bank is stable, although this is not a sufficient condition for overall economic stabilization and initiation of economic expansion.

Banks

In Croatia, the situation is different. The National Bank, just as in Slovenia, is being run by proven specialists (the governor, Ante Cicin-Sain, has not been the favorite of any government team, because he was always a consistent advocate of a convertible national currency), but the central bank is under greater pressure from the government than in Slovenia. It is exactly 10 days since the first open conflict occurred between the parliament-government spenders and the experts of the central bank. The reason: The government requested 3.5 billion Croatian dinars from note issue, bypassing the law, and it was not only the amount that was in dispute, but also the terms of that credit. The loan was requested for 10 years at an annual interest rate of 1 percent, although the law envisages exclusively one-year credit financing at an interest rate which may not be lower than the discount rate (at the moment, it is 12.4 percent per month and is below the monthly rate of inflation).

In the dispute, which has ended for the present with defense of the monetary policy adopted by the National Bank and defense of its independence, the governor has been threatened that there could be "serious consequences," to which Cicin-Sain responded to the finance minister that there will be indeed "if you deliberately provoke those consequences." As his last argument in defense of the bank and its policy, the governor indicated his own resignation. The minister, accompanied by certain others of like mind, quickly left the meeting of the Council of the National Bank because of urgent business, but even Sime Djodan, president of the budget committee of the parliament, who remained, voted in favor of the position of the National Bank.

In view of the overall economic situation in Croatia and the indefinitely long period before relations are reestablished with international monetary institutions, it is clear that this is only the first in a number of skirmishes whose outcome it would be extremely thankless to forecast. Some observers are inclined to derive the strength

of the National Bank and its governor from the fact that President Tudjman did honor to that institution by visiting it when the Croatian dinar made its appearance. However, there are stronger indications that this was a superficial speculation; that is, during that visit Tudjman also visited the safes without an escort of the top people of the National Bank, expecting, like any layman, that he would find there heaps of dollars and marks, securities, piles of gold bars, and, in general, the wealth of the state in a pile.

By contrast with the Croatian president, Slobodan Milosevic knows what money is and where the country's foreign exchange reserves are located (although he is not, although it is frequently erroneously attributed to him, a banking expert who has entered politics, but rather he emerged from political circles and was appointed the head of the largest Serbian bank, where, according to the testimony of bankers, he learned more and more quickly than the other politicians who had been sent there for guest performances). But by contrast with the mind of the officer, which is accustomed to requisitions and expenditures for which someone else has to earn the money, Milosevic also knows the power that goes with governing the national currency. Up to now, there have been no signs that the Serbian government wants a stable money, nothing has been heard from the monetary authority, nor has the public had access to the basic information about what they are doing, that is, about the hours the government printing press is operating and where the trucks of money from Topcider are going. But we have to wait for all the lines of demarcation to be drawn officially, and then after accounts have been settled, for the confrontation with one's own respective authorities, which, just as in Croatia and Slovenia, will no longer be able to justify themselves by saying that those others have deceived them.

Perhaps when passions have cooled off, everyone will get to hear what the American ambassador Warren Zimmermann had to say last week in Belgrade: The United States anticipates preservation of Yugoslavia's economic space and transformation of the National Bank of Yugoslavia into a clearing bank to overcome initial differences and fluctuations of the new Balkan currencies. The pace of understanding in minds here will probably be in proportion to the speed of realization that Western money is coming only when world rules governing business activity are adopted.

Former Economic Minister on Slovene Economy

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[Interview with Dr. Joze Mencinger, economist, former Slovene deputy prime minister, and scientific associate in the Economics Institute of the School of Law of Ljubljana University, by Svetlana Vasovic; place and date not given: "The Strength of Selfish Interests"]

[Text] Following the recent political-economic duels in the Slovene Assembly concerning the future of the Slovene and Yugoslav economies, we talked to Dr. Joze Mencinger, one of the best Yugoslav macroeconomists, until quite recently Slovene deputy prime minister in the Peterle cabinet, and a scientific associate of the Economics Institute at the School of Law of Ljubljana University.

[Vasovic] Branko Kostic, vice president of Yugoslavia, has declared that there are no problems with Yugoslavia recognizing Slovenia, that there only needs to be an agreement over the division of assets. Is a sensible agreement possible with the gentlemen who are running what is referred to as Yugoslavia?

[Mencinger] I assume that recognition will be preceded by an agreement on certain issues, although a complete agreement will not be possible. I expect the discussion and agreement over division of assets will take some 10 years. However, the most important thing is for someone to consent to negotiations, and to say that he is ready to accept arbitration on the matters in dispute. It is in the interest of Slovenia for Yugoslavia to recognize it, because that changes its position in that it can begin to negotiate with creditors on the financial market, which is impeded now precisely because relations have not been cleared up. I would not be surprised if an agreement is reached quickly: It is obvious that Serbia is also having economic problems and has economic interests. The sooner we realize that "brotherhood and unity" is not something permanent, but that selfish interests are, the sooner relations will be normalized.

[Vasovic] Now that Peterle has managed to stay on as prime minister, what lies ahead for the Slovene economy?

[Mencinger] The declining trend of economic activity will continue; we will fall to the lowest point late in the year, and essentially that is happening independently of the government. The main problem of this government is that it is making mistakes, although certain objective circumstances such as the loss of one-fourth of the market cannot be corrected by the government, nor can it influence them. The government's main task (and this also applies to the other Yugoslav republics) is to see that it sets up as few obstacles as possible and above all to leave the economists to reach agreement among themselves, because businessmen are much more rational people than politicians and always find some kind of reasonable way out of a given situation.... If you leave the businessmen in peace, they will always find a way of carrying on trade. I know directors of Slovene enterprises who brag of having good economic ties and proper relations with enterprises in Serbia. The cooperation of some firms has been irreproachable even in the time of the greatest political euphoria in Serbia, when there were Serbian directors who telephoned our people: "We will send you a telegram in which we announce that we are severing ties with you; do not take it too seriously," which makes it obvious what kind of political pressure

those people were being subjected to. There has been much less of that in Slovenia. We are pragmatic.

[Vasovic] Serbian politicians believed in their own pragmatism when they drove Slovene goods out of Serbian stores.

[Mencinger] That expulsion of goods was a nationalistic stupidity, the counterpart of the Slovene assertions that "we have been exploited in Yugoslavia." Then the Serbian economists launched similar nonsense, complaining that "Slovenia is exploiting Serbia...." One day, all of those political leaders will go away (or become more sensible), and then the ties between Slovenia and Serbia will be very strong, especially because these are two compatible economies. Only the utter collapse of the Serbian economy can be an obstacle to excellent future cooperation between the Serbian and Slovene economies. There is a chance of the political obstacles being removed, but then of Serbia having nothing more for trade, because everything will have been ruined if it goes on this way. I am therefore saying that we Slovenes are lucky not to have a glorious past. We do not exhaust ourselves in bickering over the battle of Kosovo, who was victorious, who was a traitor, and who was not.... The Serbs are not so lucky. They have a glorious past, similar to the Croats, and now they argue over who has a better history, and who has a greater culture. The Slovenes had a King Sam somewhere in the eighth century.... It is not exactly clear what happened to him, but it was not the stuff of which myths are made.... That gives us a certain advantage—we do not spend so much time looking back to see what was and how it was; we are turned toward the future. I have noticed that even foreigners who happen to come to this area, both politicians and economists, see the basic advantage which the Slovenes have over the other Yugoslav peoples to be their pragmatism.

[Vasovic] You said that in the future you anticipate greater problems with Croatian than with Serbian businessmen?

[Mencinger] Yes, Slovenia and Croatia have a competitive relationship. Take Rijeka and Kopar for example. These are two competitive ports trying to attract cargo from three states which do not have seaports. There are also a number of other problems here, from the Krsko Nuclear Power Plant to the troubles of the Bank of Ljubljana's business office in Zagreb.... There are quite a few economic problems between us, and I expect that there will be even more. That is not the case with Serbia, because our economies are compatible. Serbia has things which we need, and we have something which it needs. We just need to agree. But I am afraid that a situation could come about in which an agreement with Serbia will not be possible for an altogether selfish economic reason—that the Serbs destroy their economy so thoroughly that we will not have anything left to agree about. After all, what is happening today in Serbia is the horror of the Serbian economy's annihilation. The present structure of the Serbian economy is not the best, although it is in Slovenia's interest that the Serbian economy prosper as much as possible. That would mean that it would be better for us as well.

[Vasovic] Certain economists involved in the Serbian state plan like to tell the story about Serbian factories "which have ended up in Slovenia." A similar tale is spun here as well, only in the opposite direction?

[Mencinger] The idea of returning "back" factories that have been "moved" is at the same level of insanity as the story about returning enterprises "in parts" to those whose factories were nationalized following World War II. This has nothing whatsoever to do with the economy. I understand the problems of former owners who would like to get back what was taken from them; however, that is more an emotional question than a relevant economic question. Because it does not occur to anyone to say: "Give me back those same machines which were taken away 50 years ago." How?! That is silly. I know that even members of the Serbian Academy have counted up that "such-and-such a factory was moved," although it has nothing whatsoever to do with the present economic situation. It is a pity that economists become involved in nonsense like that. This can be a propaganda trick for political purposes, nothing more.

[Vasovic] Slovenia, just like the other republics of the former Yugoslavia, expects a great deal from so-called Western aid. Are such expectations realistic?

[Mencinger] No. In general, I am suspicious of the so-called aid from the West. All figures indicate that there is not any benefit from that aid. If we look at the example of the three East European states which have received most of that "economic aid," the figures indicate that during 1990 there was a paradoxical situation—even though there were $16 billion of promised credits, the credits actually used amounted to $5 billion, but when the states paid off their debts and interest, it turned out that there was a net outflow of capital at the level of $9 billion! So, everything the West speaks of as aid is a very strange thing. The phrase "aid" usually means credits; however, if I go to the bank and take a loan, it does not occur to me that the bank has thereby given me some particular "help." This is normal business operation. That is why we should free ourselves as soon as possible of similar ideas about "aid from the West." We need aid only to open up normal economic flows, flows of goods and capital. What good is "aid" if they are preventing us from exporting to their market? Finally, the West was surprised by the events in East Europe; so long as the Berlin wall and the so-called Iron Curtain existed, it was easy to speak about the free flow of people and capital, but now the Western world is rather interested in their not being a "free flow." That is why I am very skeptical concerning expectations of aid from the West.

[Vasovic] Slovenia is also affected by the war being waged in the proximity of its borders: Capital has a harder time deciding in favor of investments in regions that are unstable.

[Mencinger] The situation at present is that the Americans and even Europeans have a hard time distinguishing between Slovenia and Slavonia, which is normal. People are often surprised that there is no army here and absolute peace prevails. Slovenia has not rid itself of the mortgage known as the "Yugoslav political risk," although the situation has been righting itself, especially after recognition, so that foreign investors are taking an ever greater interest in it. At the same time, the war is a burden on Slovenia, because its market is too small for foreign investors, who are soon disappointed when they learn that there no longer is a market on the territory of the former Yugoslavia. At the same time, another type of investor is emerging, one who sees in Slovenia a springboard from which to penetrate the market of East Europe, using relatively inexpensive domestic manpower.

[Vasovic] How great is the real danger that foreign capital will buy up everything worth anything in Slovenia?

[Mencinger] Sentimentality of that kind is normal, especially in the case of small peoples.... The Slovenes would be glad to have capitalism, but at the same time they would like everyone to be equal in that capitalism. The Slovenes would very gladly enter Europe, but at the same time not exactly altogether.... It is natural that those who earlier said that Yugoslavia was exploiting us are now seeking "exploiters" in other states, although no great importance should be given to that. For the present, I am not afraid of the danger that Slovenia will be sold off.

[Vasovic] Slovenia was lucky that it resisted Sachs' plan; otherwise, it would have fared like Poland?

[Mencinger] The collapse of Sachs' plan was anticipated. People who do not know an economy and offer certain apparently simple solutions and at the same time make no distinction whatsoever between Mongolia and Slovenia are actually offering disaster. I am afraid that Harvard professors like that will cause new October revolutions in East Europe, precisely because of those oversimplified approaches. They want to introduce the market, although in the specific case there are no market institutions whatsoever, which means introducing chaos, as in fact it has turned out in practice. The recklessness involved here is dreadful. Imagine someone getting the idea of introducing a price reform in Russia in December. That means that he never bothered to look out the window, because then he would have seen how much snow and frost there is outside, because in that kind of state such things are done just in advance of the harvest, not in December.... Or, another example, there is quite a bit of talk in the West about convertibility of the ruble, which is essentially an irrelevant issue, because in the Commonwealth of Independent States the problems are essentially different—they have to solve the problem of hunger, they have to create real and normal peasants, not a convertible ruble. Convertibility of the domestic currency is important to Slovenia, which is a small state condemned to live in this space from foreign trade, while that is not the basic problem in Russia. That is why oversimplified formulas mercilessly applied in societies in grave economic crisis can only cause a great deal of damage.

[Vasovic] Now that we are talking about convertibility, what are your predictions about the movement of parity between the Slovene tolar and the Yugoslav dinar? I read somewhere that if it had not been for the war between Serbia and Croatia, the tolar would have been considerably weaker against the dinar.

[Mencinger] Introduction of the tolar in Slovenia was a choice between two bad solutions, and retaining the dinar was a poorer solution than introducing our own currency. The bad thing about introducing our own currency is that it is intended for a population of 2 million, that is, a small area.... As for the relation between the currencies, it is normal that because of the war the tolar could not be weaker than the dinar. The tolar was temporarily in a quite poor position at the moment when channels for goods were stopped up, above all agricultural products, and that caused a sudden rise of prices in Slovenia, while in Serbia, where the goods were halted, because the market did not have anywhere to expand, prices fell. However, that changed quickly, and the fact that the tolar is today stronger than the dinar is quite logical. I think that it was not possible to make so many mistakes in the Slovene economy that the tolar would become weaker than the dinar. As for convertibility of the tolar, which certain of our politicians also longed for, I would say that the tolar in essence is already convertible, and has been ever since the flexible exchange rate was introduced here. You can buy it, although you have problems if you are a foreign national. Although we should not expect the tolar to become a currency in the near future that foreign banks would use in building their foreign exchange reserves. Only in that case would we say: "Aha, now we have complete convertibility!" But that probably will never happen.

[Vasovic] What was really the goal of Slovene independence?

[Mencinger] "Exploitation by the south" has been a very popular phrase in our country: regardless of all the arguments about "mutual exploitation," whoever says that he has been exploited on the market is only testifying to his own stupidity. Economic reasons for Slovene independence? For example, it was clear that in Yugoslavia it was not possible to establish a normal business and market system such as we are familiar with in Europe, because interests were quite at variance. I have had the impression from my own experience, back when I went to the talks in Belgrade, that something was happening in secret, that there was brokering, and the Slovenes were the weaker party, we did not really realize what was actually happening. At the same time, it is natural that interests should be different, because, for example, the per capita social product in Slovenia is sevenfold greater than in Kosovo, so that it is difficult to

coordinate an economic policy that would not hurt other parts of the country. Finally, for several years now it has been possible to see the conflict coming between the Serbs and Croats, and it was clear that the healthiest thing was to move away, because you cannot help either side. The economic price of independence is much lower than the price that we would have paid had we remained in Yugoslavia. From the outset, Slovenia had no intention of separating completely from Yugoslavia. First, in 1990, the talk was about confederation.... To be sure, today our politicians will say that they had everything planned out from the very beginning, but I say that they are lying when they say that. Back in December, before the plebiscite, they squabbled a great deal over what it actually represents, they were not sure what the Slovenes were deciding in favor of. At that time, I was responsible for economic policy and I was constantly demanding that people tell me once and for all what our political decisions were, because otherwise you could not adapt economic policy from day to day. However, the political decisions were very flexible, so that our economy had to be flexible as well. The tolar, for example, which we use today, was printed back in October 1990; that is, before the plebiscite, just in case, because we did not know what would happen. We wanted to be ready for any eventuality.... In any case, independence opened up the potential for Slovenia to build a normal economic system, to conduct a normal economic policy.... Yugoslavia fell apart, first, economically, and then politically; back in September, Serbia was not paying taxes, then the sanctions came, and the customs boundaries within the state; at the end of the year, there was the breach of the monetary system. At the same time, it was evident that a different economic system was arising in each republic.... The problem was that Markovic did not want to see that the state had fallen apart, and when this happened, he was still believing in some miracle; that lasted right up until May 1991.

[Vasovic] Was not the dispute between you and Peterle of a political nature, because the law on privatization represented direct decisionmaking on who would be the protagonists of the new class?

[Mencinger] Essentially, it was that kind of dispute. I admit that I was not aware of that at the moment when I was working on the law on privatization. I did not want economic power to be redistributed, I wanted the economy to become successful. When the conflict arose, certain ministers said that that kind of law on privatization could not pass, because it made it possible for the old political elite to hold on to their economic power, while they wanted a new political elite to get it....

[Vasovic] Division between the "reds" and the "blacks"?

[Mencinger] That is a conclusion I came to after the fact. For a year, I have not been exposed to pressures on the topic of redistribution of economic power, although precisely at that time the attacks began about how the "red directors" were stealing.... In the meantime, a majority of the "red directors" were transferred among the "blacks" or "greens..." Essentially, that did not interest me at all. Because I am a professor, it does not matter to me who is rich in society. A professor depends on his salary, and if there are a great many rich people, then the professor's salary is also high.... I will not hide the fact that Peterle's recent moves, before Voljec's arrival, gave me a great deal of satisfaction, because it is obvious that after a year of unnecessary squabbles, he is coming back to the concepts which I advocated at that time.

[Vasovic] You recently told STANDARD of Vienna that the Slovene government had inflicted $17 million in damages on Austria....

[Mencinger] Not 17, but 117! It was wrongly written down. I would not have worried at all about 17.

[Vasovic] By and large, you said that that money was used to purchase weapons for Slovenia?

[Mencinger] I do not know what actually happened, but I can draw certain conclusions from that figure. I see no particular problem in weapons being purchased: I blame the government for not having agreed that Austria also purchase something from us. After all, when a state buys something, it must see to it that these mainly be articles from domestic producers.... Now, for example, a scandal has broken out over what kind of automobiles were purchased by the various ministries. People forget that private individuals and artisans already have such automobiles. It is not, then, a question of luxury, but of the simple fact that the government ought to have bought IMV [Motor Vehicle Industry] automobiles and Renaults, because Slovene industry is involved there. I do not see why we would be supporting the Bavarian economy rather than our own?! IMV's Renault 25 is quite a good car. If you look at the kind of automobiles that governments in the world are driving, you will see that in the advanced states they always drive products of their domestic industry.

[Vasovic] Does that mean that Ministers Bavcar and Jansa, who have been mentioned the most in the scandal of the BMW's and other automobiles, are not good patriots?

[Mencinger] It is not a question of their not being good patriots, but of their not thinking about such things at all.

[Vasovic] However, at a moment when the Slovene government has had such a large deficit in trade with Austria, you were deputy prime minister, how is it that you did not know what the money was spent for, but suspected that a purchase of weapons was involved?

[Mencinger] To be honest, I did not know of any purchase of weapons either.

[Vasovic] But you should have, as deputy prime minister.

[Mencinger] Most probably....

[Vasovic] Who, then, is holding the reins of the Slovene government?

[Mencinger] The finance minister ought.... Although, back at the time when I was deputy prime minister, a problem arose, because the Ministry of Finance was not allowed to monitor expenditures of two ministries—the Ministries of the Army and Police. We did not manage to introduce auditing there; when the vote was taken, all of us who said that the Ministry of Finance must have complete control lost out. It was, of course, a tragedy for the Slovene government that Kranjec left it, because he was a born finance minister; he knew clearly what he wanted.

[Vasovic] What are your short-term and long-term predictions for Slovenia and Yugoslavia?

[Mencinger] In the short term, they are not the best. Slovenia has been left without a market. Today, 75 percent of the enterprises have problems marketing their goods. In the short term, there cannot be any improvement soon, because the transition from the Yugoslav market to foreign markets cannot be rapid. I also anticipate higher and higher inflation, and unemployment will rise.... We will be bottoming out only at the end of the year, and then certain chances are possible for Slovenia. In the medium term, I think that the situation is not at all so black, Slovenia has a very good geographic position.... By contrast with a majority of the East European economies, we produce goods which can still get by on the strict world market.

As for the economy of the remainder of Yugoslavia, I am rather skeptical. I think that the situation will be worse and worse. Potentially, the Croatian economy is very strong, although what bothers me there is the incredible willingness to have the state take over guidance of the entire economy. I really do not know much about what is happening with the economic-political situation in Serbia. The measures being conducted by the new Serbian prime minister, Bozovic, do not offer particular promise. Yugoslavia has barely pulled out of a central planned economy, and now its various parts are going back to that. It is hard to say what will happen when the war is really over. During these months, so much enmity has built up that it is possible for terrorist warfare to last for decades.... I see no end to all of this. And this will have an essential impact on the economic success of those parts of Yugoslavia.... It seems to me that the Macedonians have a very good economic policy, but it is their bad luck that they have found themselves in an impossible position, surrounded by enemies, just like Bosnia. Whatever you do is wrong. That is why Slovenia is in a much better situation. At least it does not have enemies around it.

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