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ALBANIA

Message From PR Initiating Commission

91P20278C Tirana PARTIA REPUBLIKANE
SHQIPTARE in Albanian Jan 91 pp 14-15

[Brochure]

[Text] Dear brothers and sisters!

The political and economic situation in the country is getting worse. This situation does not rule out the possibility of confrontations with disastrous consequences for the people and the country. Our salvation is in our own hands. The Republican Party is convinced that the situation can be superseded by work and by means of a dialogue in regard to the measures that this program presents, which conform with the desire for the establishment of democracy and with the unshakable patriotism of the people in regard to the entire national economic development.

The Republican Party is just getting started as an organism but it will grow rapidly. We invite all those who like and accept this program to meet in local conferences. This modus operandi is dictated by the short time which remains until the 31 March elections, in which the Republican Party will be presenting its candidates for People's Assembly deputies. While awaiting the publication of the newspaper REPUBLIKA, we recommend that the propaganda on the organization of the party and the election campaigns be based on this program. As an initiating commission, we recommend that the following instructions be followed:

- 1) District conferences should be held with those people who want to join the party and branches should be created, electing a leadership in accordance with the statute.
- 2) In this conference, or in a second conference, the candidates of the party for People's Assembly deputies should be elected, according to the electoral zones of the district.
- 3) The party representatives who will regularly monitor the elections in each voting center should be named.
- 4) The creation of branches should be reported to the central headquarters of the Albanian Republican Party in Tirana.
- 5) The names and short biographies of the persons who will be nominated by your district as candidates for deputy should be submitted by 28 February.

Tirana, January 1991
For the Initiating Commission of the Republican Party
Sabri Godo

Draft Statute of Republican Party

91P20278B Tirana PARTIA REPUBLIKANE
SHQIPTARE in Albanian Jan 91 pp 11-13

[Brochure]

[Text] The Albanian Republican Party [PRSh] is an independent political organization of Albanian citizens. It participates in the political, economic, and social life of the country.

I. Conditions for Membership in the PRSh

- (1) Party membership can be given to any Albanian citizen, living in or outside the country, who desires to work with the party, regardless of social status, family connections, race, gender, religious belief, or nationality.
- (2) A party member cannot belong to any other political party but can be a member of cultural, professional, and other associations and organizations that are not of a political nature.
- (3) Admission to the party takes place on an individual basis. The party concerned presents a written request, to one of the party sections, in which he states that he accepts and fulfills the conditions for admission to the party.
- (4) A party member can leave the party at any time, at his own desire. To do this, he informs, in writing, the section to which he belongs and hands in his party card.
- (5) The following cannot be members of the PRSh:
 - (a) Those who espouse and publicize fascist, racist, and antidemocratic views and views against the country.
 - (b) Supporters of Quisling and traitorous organizations and criminals of the National Liberation War.
 - (c) Persons under penal sentence, until their legal rehabilitation occurs.
 - (d) Persons with disgraceful moral and social behavior.

II. Duties and Rights of a Member of the PRSh

A member of the PRSh has the following duties:

- (1) To belong to a party section and regularly participate in its meetings and activity.
- (2) To defend and publicize the party program, to execute the decisions of the party, and to respect the requirements of the party statute.
- (3) To have exemplary social morals and to enjoy the respect of the masses of the people.
- (4) To regularly pay the monthly membership dues.

A member of the PRSh has the following rights:

- (1) To express his opinion on all matters regarding the activity of the section and the life of the party.
- (2) To vote and to be elected to all organs of the party.
- (3) To be informed, at party meetings and in the party press, in regard to the decisions of the leading organs of the party and their activity.
- (4) To be present at party meetings on all levels, when issues which affect them are discussed.

III. On the Operation of the PRSh

- (1) The highest organ of the party is the Congress, which meets every two years. On special occasions, an extraordinary party Congress can be convened at the request of one-third of its members, one-half of the General Council of the party, or two-thirds of its Presidency.
- (2) The Congress elects the General Council, which directs the activity of the party between congresses, the presidency, the chairman, and the deputy chairmen of the party.
- (3) The chairman of the party cannot be elected for more than two consecutive terms.
- (4) The highest party organ in the district is the Conference, which elects the branch council, the chairman and a secretary. The party branch directs the activity of the sections in the territory in which it operates. The branch party conference is held once a year.
- (5) Party sections are organized in enterprises, institutions, sectors of cities and villages, where there are no fewer than five members.
- (6) In its first meeting, the party section elects its chairman and, if it deems it necessary, a secretary.
- (7) When the section is composed of more than 30 persons, it can split. The section decides on this itself.
- (8) The section has the right to expel a member when he seriously violates the party program and statute. The final decision on expulsion is approved by the Presidency of the branch. The approval of the expulsion decision is given within no more than a month.
- (9) A party member who is expelled has the right to appeal, up to the Presidency of the party.

CZECHOSLOVAKIA

Federation Citizens as Source of Decisionmaking

91CH0428A Prague LITERARNI NOVINY in Slovak
7 Mar 91 p 1

[Article by Miloslav Kusy: "Federation From the Ground Up"]

[Text] Voices promoting building the federation from the ground up follow their convincing democratic logic.

What, on principle, does that mean? If it really means "from the ground up," we cannot start from national republics. Along with federal authorities, the republics, the governments of the republics, the national councils and their presidia are at the upper end of the democratic scale.

Consequently, to build a federation from the ground up, means building it from the citizen. It is he, the citizen, who surrenders part of his sovereignty, his authority, to the community, to his public representatives. It is not the community but again he, the citizen alone, who surrenders another part of his competency to the Slovak or Czech National Council and by its mediation, also to the Government of the Slovak or Czech Republic. In fact, it is he, the citizen, who directly elects his representative to the SNR [Slovak National Council] or CNR [Czech National Council] and delegates to him certain precisely defined part of his civic competencies.

On the other hand, all this applies fully also to the federation and its agencies. The federation is not mediated by national republics, national governments, national councils, and their presidia. After all, it is not they who surrender part of their competencies to the federation. Those competencies come again directly from the citizen. So it is again the same citizen who directly elects his federal representatives to the Federal Assembly. They are his highest, federal representatives—his direct representatives and thus, not mediated by national republics, national governments, or the national council. Through them, through these federal representatives alone, the citizen approaches also his federal government and his federal president. Therefore, these federal authorities get nothing from the national authorities; they get everything directly from the citizen.

The federal deputy represents the citizen in the matters of the federation as a whole—and that to the same extent and upon the same authorization as the citizen is also represented by the deputy of the SNR or CNR in the matters of the national republic, or by the member of the community board in the matters of his community. The community is a sovereign self-administered entity; the national republic is a sovereign self-governing entity; the federation is a sovereign self-governing entity. They have their competencies for the execution of which they are accountable to the citizen from whom they received those competencies. Thus, the federation is not accountable to the national republics but directly to citizens through federal deputies. Therefore, the federal deputy is independent from the national authorities. And therefore, the competency of the federal authorities is also independent from the competencies of the authorities of national republics. These two competencies are equal and not subordinated one to another.

Who, then, can decide what part of his civic sovereignty the citizen will renounce to the benefit of the community, what part to the benefit of his national republic, and what part to the benefit of the federation? Who will tell

the citizen which of his competencies he should surrender to his community, which to his national republic, and which to the federation? One time the federal authorities and another time the national authorities claim this decisionmaking power for themselves. They regard the laws on competency as a matter of agreement between the national republics and the federation. While drafting new constitutions, they are arguing whether the federation should cede some of its competencies to the national republics or vice versa.

However, where do these disputes leave the source of all these competencies, the sovereign citizen? The totalitarian system took these competencies away from the citizen and from the top decided how they should be divided. In that sense, the reasoning in our country remains totalitarian. Nevertheless, in a democratic society the citizen does not renounce his competencies, he only invests them in his community, in the national republic, or in the federation.

As a matter of fact, neither the premiers, nor the governments, nor the presidia should decide to which extent and in what proportion the citizen should invest his competencies. The citizen alone should make that decision.

If we find some effective mechanism to guarantee that, we will begin the building of that fabulous authentic federation from the ground up, in other words, from the citizen.

Idea of Land Arrangement Remains Controversial

Moravian Autonomy Defended

91CH0404A Prague LIDOVE NOVINY in Czech
27 Feb 91 p 10

[Article by Jan Trefulka: "Another Try for Moravia"]

[Text] *Every time I contemplate what we learn here about your conditions, I can never marvel enough at such a perverse method of governing; indeed, I could well believe that the Czechs are trying to destroy everything and that they want to become famous by virtue of the fact that they destroyed their homeland.*—Charles the Elder of Zerotin to Lord Budovec of Budov in 1606.

Some facts cannot be expressed other than mathematically. Others cannot be expressed precisely other than by a metaphor. The Kingdom of Bohemia had developed over centuries as a twin star. Bohemia would not be what it is today without Moravia and similarly Moravia without Bohemia, they have been, and are, perceived by neighboring Europe throughout their existence as two different bodies revolving around language as their common center of gravity, inseparably bound together by the force of gravity, exchanging and transferring energy, and one causing tidal waves in the other. Whatever happened in Moravia happened in Bohemia as well, a cry in Bohemia elicited an echo in Moravia. The first reliably documented act of statemanship not only in the

Moravian, but also the Czech and Slovak history, was the request of King Rastislav to the Byzantine Emperor to send, to put it in today's terms, a cultural mission. It was an act which was obviously done with the future of the empire in mind, and if the then ruling class in Moravia was capable of this kind of thinking, it proves that it was at the intellectual level of the rulers of the ancient European nations of that time from which the nations in today's sense of the word later developed. It does not matter that it was a relatively brief episode, that it was unsuccessful, and that the kingdom then passed to Bohemia. Moravia and Moravianism never disappeared from the cultural conscience of Central Europe, Moravia did not merge with Bohemia, but successfully administered itself for many decades. It had its distinguished statesmen, cultured noblemen and philosophers, people of European outlook, but Moravian patriots nevertheless. Moravians were from the beginning key participants in the great undertaking of Czech national rebirth; "In Moravia was done a crucial part of the linguistic work which led to the grammatical and lexical codification of classic Czech, thanks in no small measure to the linguistic work in Moravian printing houses," notes Josef Valka in his *Prehled dejin Moravy* [*Survey of Moravian History*]. But the Moravians were realistic enough to understand that at that moment being Czech or Moravian did not play a role, that only together they had some chance of success. The Moravian intellectual elite realized itself culturally and lived in Prague, and not much changed in that respect even after 1918. Moravians by and large became confirmed Czechoslovaks, on the other hand, Czechs who settled in Moravia, such as Arne Novak, Tesnohlídek, Mahen, contributed greatly to the cultural development in Moravia and particularly in Brno. But even then Moravia did not meld with Bohemia, but nobody felt the need to assert Moravianism as a state-forming force.

Today the situation is, unfortunately, different. During the past half-century, two crushing attacks on the status of Moravia took place. The first, the post-February one, was clearly motivated by political and power considerations, within the framework of a rigid, totalitarian, centralist doctrine. The second, the current one, whose hidden substance is the preservation of economic advantages of a central bureaucratic apparatus, is perhaps even more dangerous, because it talks a great deal about freedom and democracy and almost makes it look as if Moravia's demands were something antidemocratic, if not antistate. Instead of the existing twin star there is to be created a different twin star and the Moravian mass is to be somehow suppressed, all those involved are to pretend that it disappeared, that it merged on the quiet with the Czech star. But that is not true, and stable conditions cannot be built on a lie. If at the beginning of the century a new body joined the old twin star, naturally a new gravitational situation had to develop in this new constellation of suns, and that reality must be respected. It cannot be sidestepped by an "authentic" federation, which is nothing but a flimsy and at the same time expensive and impractical construct. Even the so-called

land arrangement as an appendage of the Czech Government is a makeshift solution. A true balance in the new constellation can be ensured only by a Moravian-Silesian land government of equal status. And let the Federal Czechoslovak Government then be a body consisting of able and recognized personages, irrespective of whether they come from Bohemia, Moravia, or Slovakia.

At this point the Prague and Bratislava ministerial and perhaps also university establishment will come with their most weighty counterargument: They are not entitled, they cannot compare with us, the Moravians are not a nation. Do you not feel how stupid that is? As if it mattered! As if somebody knew what a nation is. That something which can be loved and hated, which can be held in contempt, which can be betrayed and for which one can make sacrifices, which disappears in the absence of emotions and irrationality, because it lives or does not live only in human hearts, same as God or home or love. Something which can be reborn, or even created, again only in human hearts. As if the fact that the Moravians who together with the Czechs cultivated their common language meant that they ceased to be Moravians, as if in Bohemia they forgot that they would not exist without the Moravians, because to create and maintain an independent state is, among other things, also a matter of sufficient mass, of spiritual and material weight which produces centripetal attractive force and creates a cultural field of force. As if in the end the Slovaks themselves did not feel that they have hardly enough of that mass and force, and that without their Moravian and Czech neighbors they could hardly assert their national identity. The freedom of these three countries within the surrounding world rests in their mutual dependence; that is the key to the solution of our entire domestic tangle.

It is also said that Moravians themselves are not united on this issue, so that they are responsible for everything themselves. Part of the Moravian intellectual elite still lives today, either out of tradition or under the pressure of the 40 years of mandatory centralism, in Prague. "The struggle for Moravia," for which local authorities prepared already in 1968 a program that is still by and large acceptable today, evokes an unpleasant suspicion that its propagators are using the Moravian question as a springboard for their personal careers, as a substitute goal for their unsatisfied personal ambitions. Maybe yes, maybe no. Do not ask me to prove here how much of personal interests is hiding behind the seemingly rational arguments in various centers. Either way: The submitted proposal is the only one that was produced in Bohemia and Moravia as a counterweight to the program of the unsuccessful, nationalistically conceived federation. If in Prague they have nothing against it other than a shrug of their shoulders, then this is precisely the time when Moravians can and must be Moravians. Not because they could and want to derive some national privileges from the fact of being Moravians, not because they would want to separate from and break up the state, but so that they would jointly create and stabilize a new, necessary unity and new gravitational conditions.

I never belonged to those who tied their life's efforts to the Moravian program. I was interested in other matters and problems which seemed to me, mostly unjustifiably, greater and more important, my life's journey led along other parallels. Moravianism as a life's program is nonsense and a bad dream, as are all nationalistic programs. But I simply cannot write on the census questionnaire that I am a Czech: I do not feel that way. And why should I allow myself to continue being violated? Nationality, after all, is not only fate but choice as well.

Concept Found Unsuitable

91CH0404B Prague LIDOVE NOVINY in Czech
27 Feb 91 p 10

[Article by Stepan Kubin: "The Fifth Alternative"]

[Text] In last year's last issue of the Czech Government's weekly S '90, State Administration and Self-Administration, Mrs. Bohumila Krcova acquainted us with the government's four alternative proposals for restoring the land arrangement of the Czech Republic. I do not know whether she did so on purpose or symbolically, but immediately in the introduction of her article she mentioned in passing the White Mountain and the "Renewed Land Ordinance" which three and a half centuries ago meant a "substantial limitation of the rights of the Estates and the growth of the absolute power of the ruler and the central Habsburg authorities."

What an association! Although we are living under different conditions at the close of the 20th century, we should be grateful to Mrs. Krcova for reminding us of the Renewed Land Ordinance. The connection of these three words does not give rise to any feelings of joy in any citizen of the Czech Republic with an elementary knowledge of his country's history. I am afraid that it is not the source of any mass euphoria these days either, even though at stake is something qualitatively quite different.

We have two democratic elections behind us, and before each of them the citizens were fervently promised by all sides a simplification of the state administration and self-administration, linked with the liquidation of the overgrown administrative apparatus. But what is the reality? District offices employ the same number of officials as the former district national committees, and they are even being expanded. Although the kraj national committees were abolished as of 1 January 1991, their quarters are bursting at the seams as before, only the individual departments have deftly regrouped and renamed themselves as various "expositors" and "deconcentrators" (what a charming word). I do not wish to be unjust, perhaps here and there somebody actually did leave. But where to? Under the pretext of offering a helping hand to the districts and communities, again to some cushy job in some office. And it appears that there are not enough of those jobs.

We heard many speeches telling us that the most effective management is the two-tier one, and that it is

therefore necessary to remove all other bureaucratic ballast. We also covered a lot of newsprint with these assertions. And lo and behold, we have not yet recovered from the last elections and here we have again people contending for more high official positions, without regard to the fact that they are again building a third or even fourth administrative tier.

I can understand that the Government of the Czech Republic must take into account various pressures even though it may not consider them sensible, and that it must hear them out in a democratic way. But one thing is not clear to me: Why does the government present us with a *fait accompli* and ostensibly give us four alternatives of "renewed land ordinance" for discussion? Why did it leave out the fifth alternative which a considerable part of the citizenry—maybe even a majority—tends to favor? This alternative is simply the continuation of the current administrative arrangement, that is, the existence of districts above which there is only the republican Government. It so happens that most citizens of our federation are most likely of the opinion that three governments and three parliaments in such a small state, which the CSFR unquestionably is, are already a great enough luxury which can be rationally justified only with difficulty.

As Mrs. Krcova correctly informs us, the land ordinance that survived from the time of the Habsburg monarchy was considered even after the creation of the CSR in 1918 to be an obstruction to constitutional changes aimed at a more progressive arrangement of the state. I believe that the same holds true today, because a burgeoning state administration never made anything easier for the citizens and always caused them unnecessary expense. What we have here is only the transparent clamor of those who have well-developed lungs, less-well-developed brains, and who know how to use their hands only to hold a spoon, a fork and a knife.

Leftist Involvement in PAV Crisis Suspected

*91CH0415A Prague LIDOVE NOVINY in Slovak
9 Mar 91 p 2*

[Article by Karel Frohlich, editor of *PREMENY* in Presov: "Is There a Left-Wing Revolt in the Offing?"]

[Text] Tensions in our society are increasing at the very rate anticipated by the stage directors who have initiated the television show with M. Knazko's appearance and who organized a special platform in the PAV [Public Against Violence] which joined the same program, "A Chance for Slovakia" (which is rather paradoxical).

I cannot help going back to the events of these two weeks and trying to recap them. It seems that the pretext for, or the trigger of, those developments was the declaration of the Students' Parliament of Slovakia and the University Union of Slovakia. This is proof either of hysteria in certain ranks or of looking for a convenient pretext.

The first reaction, precisely in the spirit of old traditions, was to cast doubts on the legitimacy of the author of the declaration. It suffices to read our dailies or other periodicals. Their intent is to distract the reader, our public, from the importance of this case. It is interesting to realize that the volleys aimed at our heads come either from the nationalist or from the left wing of our political spectrum. Naturally, the "unappreciated" individuals also have joined the action.

The third realization or appraisal of the situation concerns the deployment of political forces. Let us begin with the Slovak National Council. There are striking interrelation between the deputies representing the Slovak National Party and the Party of the Democratic Left (formerly the Communist Party of Slovakia), and even the Greens are not lagging behind in this fraternalization. Often enough the situation turns paradoxical, as when the Slovak National Party and the *Egyutelles* join forces. Such paradoxes are apparent but their link is the social aspect of our economic reform. Today they speak most energetically in defense of Premier Meciar and even of his economic policies. The national pillar of his efforts is happily supported in the parliament by the Slovak National Party, the Green Party, and the Party of the Democratic Left, and among the parties that are not represented in the parliament, by every party of the National Bloc, and by the *Matica Slovenska* organization (I await with enormous glee the forthcoming *Markus-Meciar* fraternal association). Today Meciar also has the support of the *Obroda* club which has united the unappreciated reformist communists whose adherence to their former practices is more than obvious. This advancing unification of leftist forces should not be ignored.

It seems that in addition to the above, there are preparations underway for the 14 March anniversary when certain circles (supporting today exclusively Meciar's personality) will attempt to arouse the nationalist sentiment of the Slovaks to the extreme. Drafts of the constitutions are soon due. If we put the above-mentioned points into a coherent sequence, a relative accurate picture of efforts exerted by those forces will appear. In this conjunction, Premier Meciar's planned visit in the USSR is not a negligible circumstance.

Despite all efforts not to blow the problems out of proportion and not to overestimate facts, this mobilization of the leftist and nationalist forces and the doubts cast on the fundamental principles of parliamentary democracy (efforts to recall the premier on the basis of a popular referendum) cannot be called anything else but an attempt at revolt, as an attempt to gain decisive political power. In the all-European context, this is essentially a struggle of a superpower to influence Central Europe. It is an effort of the red empire to recover at least part of its lost positions in this region, to destroy the tripartite agreement now being forged by Poland, Hungary, and the CSFR; its prerequisite is the division of our federation. Who is it who is now spreading national-social slogans?

And all that started with an innocuous declaration by some long-forgotten college students. It seems that "Action Wedge" (divide and conquer) continues.

Former Dissidents Allegedly Isolated From Public

91CH0397A Prague MLADA FRONTA DNES in Czech
15 Feb 91 p 3

[Article by Martin Komarek: "The Ghetto and We Greengrocers"]

[Text]

Motto

While fighting, we, or at least some of us, should keep in mind that we cannot win; it is not even desirable that we win. The evil defeated outside of us would immediately take hold inside and gradually invade our entire being. I prefer to see it objectively, separately from myself, so that I can differentiate myself from it, rather than have it in my flesh and be able to extinguish it only by killing myself.—Ludvik Vaculik, Cesky snar [Czech Book of Dreams], Brno 1990, page 70.

The above-quoted sentences were written by Ludvik Vaculik on 26 February 1979, that is, at the time of the well-planned harassment of a group of individuals, especially intellectuals and artists, determined, on the one hand, not to submit to normalization and on the other, to stay in Czechoslovakia. Now those words reach the reader at a time when the same persons have attained the highest offices in the state, when they are screening one another and getting involved in complex political moves against one another. Their victory resembled a Hollywood film. Of course, that film should have ended on 27 November 1989. On that day a new story began and Vaculik's prophetic words seem to be fulfilled to the last letter. The enemy was defeated, but the evil lingers on; distrust, intolerance, overestimation of one's own strength, even a certain superciliousness and disrespect for others took residence in the winners.

This reflection could end here with a postscript that it was precisely Vaculik, true to his words and to himself, who did not yield to the temptation of power. However, it is necessary to attempt at long last to explain what dissent used to be, what it has become, and why at present it is not quite equal to the power it has gained.

What It Once Used To Be

First of all, it was a very closed group. Deliberate tactics of petty repressions and isolation by governmental authorities and the StB [State Security] literally removed some individuals from our public life. A crushing majority of our nation did not know their thoughts and development, not even their names. In general, despite the annoyances caused by the blatant and insulting stupidity of state officials, the life of satisfaction with beer and roast pork went on even without the dissidents.

Because I am a typical product of the abnormalities of our former state, I may regard heroism per se a) as a feat, for instance, when someone devours 130 eggs just to get mentioned in the book of records, or b) as an imposed attitude. Point b) applies to the overwhelming majority of our dissent. The postoccupational state power would not offer these people any chance for compromise. They were primarily men and women to whom the democratic development in the 1960's had given almost everything, including self-realization and fame. They did not opt for the ghetto of their own free will; however, after the occupation they were left no other choice but simply to act decently.

This heroism imposed on the dissidents followed its difficult daily routine. The ghetto lived its own life that was just as unnatural as the life led by the rest of our society. Inner values of the dissidents diverged from the values accepted by the majority, although some of them did try to correct that danger.

Those values were created almost always in opposition and thus, they were defensive. They protected and guarded something. Such words as integrity and inner truth, the right to elementary freedom may apply here.

Any system except the machinery of the occupation would have indulged such a decent and disciplined opposition. Why did our regime fail to indulge it? Because it was based on total negation. Ninety percent of our people did not agree with the system at all, regarded it as a slapstick comedy and a necessary evil that would come to an end one day. In their program the dissidents articulated those thoughts publicly and that made them dangerous. They expressed the people's hidden defiance but no positive ideas.

The wall of the ghetto did not start to crumble until the beginning of 1989. Their isolation ended as more and more people began showing interest in the dissidents who started to realize their responsibility to the entire nation. However, the system was still able to commit its final dirty deed: It failed shamefully sooner than a natural society could be restored. The dissidents appeared on the balcony like legendary heroes and their only link with the freezing demonstrators was their resistance to evil but not an identical concept of what is good.

What They Are Now

The outcasts were elevated to the highest posts. However, the walls of the ghetto were transferred to the Prague Castle and to the seat of the government. Malicious scriptwriters of StB procedures against the dissidents lived to get their satisfaction. The distrust and blind trust, the likes and dislikes of a forcibly closed society were reflected in Czechoslovak politics. Although the secret police has lost all its power, it continues to play the leading role in the screening scandals. The deformations imposed in the 1970's infected the free society as well.

The dissidents are living today in a new kind of isolation. Their political thinking reflects the forcibly deformed relations. In their decisionmaking the villainous agent continues to bear an incongruous weight.

To this day the dialogue for which the dissident groups used to clamor has not taken place! Our society suffers from the same afflictions as it did in the afternoon on 17 November. Most of our citizens do not know the dissidents any better now than on that day; once they were forced to condemn them and now it is their duty to extol them.

Naturally, Vaclav Havel is always more successful abroad than in our country because here he speaks rather like a stranger; as a nice and decent stranger to whom we are glad to show our historical treasures, but whose counsel we would be less glad to follow. Moreover, some mass media are ramming into our heads a guilt complex about the dissidents as pure creatures who saved us from the communist hell. That lie is just as ridiculous as the lie about the victory of the working people on 15 February 1948.

Internal problems of dissent have been excessively reflected in Czechoslovak politics. An ordinary citizen who does not have the experience of twenty years in a ghetto does not understand this game and is not willing to play it.

He longs for a normal society where politicians play a role that is somewhat more modest than the one played at present in our country. In other words, they serve as a good topic for conversation, but apart from that, they do not cause too much trouble. An ordinary citizen wants most of all to erase the past and not to analyze it; he wants another chance. However, this is something that the opposition cannot now fully comprehend; it continues to live in involuntary captivity.

How To Abolish the Ghetto?

An allegation making rounds among Prague residents claims that most people like Minister Klaus so much precisely because he has never been a prison inmate or a member of the Communist Party. He has no "merits," he did not sign anything, he did not circulate anything; he does not give us any guilt complex. After years of deprivation, a philosophy based on output and managerial and business skills appeals to us very much. The cultural values which the dissidents used to protect are dead. The demand to take a hazardous leap in order to escape the miserable continuity of our Czechoslovak culture is quite justified.

The dissidents invoking the civilized Europe are only now beginning to realize that since their victory they have become less interesting than before. Credits and debits, that is the main motto of the civilized Europe; no one will subsidize a winner. Therefore, do the dissidents still have a chance? As for myself, I am afraid that mutual hostilities will continue.

No one would deny them that even five hundred years hence they certainly will merit a few words in elementary school readers. However, if they want to meet the obligation they have accepted, they must leave the ghetto and promptly organize the dialogue for which they used to clamor in the days of their persecution.

Meanwhile a reader of Vaculik says to himself that the external evil has made inroads within and is in fact still on rampage. Questions that the divided society was unable to ask must be asked now. For instance: Mr. President, why has that greengrocer from your *Power of the Powerless* put up on display your portrait instead of the slogan "Proletarians of all lands, unite!" Is it the same greengrocer?

Czech Author Views Sudeten German Issue

91CH0413A Frankfurt/Main FRANKFURTER
ALLGEMEINE in German 8 Mar 91 p 3

[Article by Johann Georg Reissmueller: "Hostility Between Czechs and Germans Must Be Buried—A Conversation With Ota Filip"]

[Text] For almost 17 years, the Czech-German author, Ota Filip, has been living in Germany. Here, reconciliation, a new beginning in the relationship between Germans and Czechs, has become his mission in life, along with the other, namely, writing novels. For the past year, the Communists have not been in control of his homeland and have thus no longer been able to keep the Czechs at an unfriendly distance from the Germans. Must this not be a time of fulfillment for Filip?

He shakes his head: No, the new era has not brought much that is new and that would be good news in German-Czech relations. Of what significance is it, after all, if Czechs buy good washing machines and Germans buy low-priced pots and pans, each on the other side of the border? It is becoming evident now that the Czechs are not ready to solve their problem with the Germans. The majority of the dissidents in Prague and the Czechs living in exile have recognized the fact that the expulsion of the Germans from Czechoslovakia after World War II was an injustice, or at the very least a political mistake. Filip knows; he belonged to both groups, one after the other.

But the population in Czechoslovakia did not grasp this, he says. The German problem, so say countless Czechs, has been solved—since the "odsun," the deportation, as the expulsion is still referred to today in Czechoslovakia. Thus, Vaclav Havel was not understood by his people when he apologized to the Sudeten Germans in December 1989 for the expulsion. When the article that Ota Filip wrote last year for the FRANKFURTER ALLGEMEINE about the death march in late May and early June 1945 of the Germans in Brno also appeared in a Brno literary magazine, there were a number of "hysterical reactions," as he calls them. The Czechs have lost their conscience as far as the Germans are concerned. When Filip reflects on this subject, he digs deeper and

deeper; in the end, he asks: Haven't the Czechs in general lost their sense of morality and justice during the last 50 years?

The sentiment in his parental home following the Communist takeover in Prague in February 1948 was: First we robbed and threw out the Germans; now it's our turn. The takeover had a particularly hard effect on his family. Filip's father was a wealthy merchant. The family epitomized the class enemy as the Communists perceived it. Nor was it a homestead for traditional Czech nationalism. The father was of Czech and German, the mother of Polish origin; both spoke German well. As a boy in Ostrava, Ota Filip played on the street with Germans as he did with Poles; many experiences that he had then recur in his novels.

He was 14 years old when he witnessed in Prague how Germans hung head down from lamp posts and had been set afire; how a Czech pulled an infant from the nearby baby carriage of a German woman working under police guard on the removal of barricades and beat the baby's head against a wall until it was dead. He ran away, horrified. That was in May 1945.

At the University of Prague, like many others of his age group, he chose German as his second foreign language, in addition to the obligatory Russian. While bringing in hay as a member of socialist harvesting brigades, he entered villages which after the expulsion of the German inhabitants resembled a wasteland. As a radio editor in the late 1950's in Kraslice in northern Bohemia, he discovered German violin and guitar makers, German remnants, who spoke Czech only with difficulty. And so he talked to them on the radio in their language.

"Please Accept Me"

"The Germans liberated me in a time of need," says Ota Filip. How could that be? In the year 1974—Filip had dismissals, discrimination, years of working as an unskilled laborer, and also 14 months in prison behind him, and no prospects of a secure existence before him—he went to the West German embassy in Prague and requested that he be accepted as a refugee. A telegram from [Foreign Minister] Genscher smoothed the way to Munich, which has become Filip's home in Germany.

Is he not encouraged by the fact that Vaclav Havel asked the Sudeten Germans for forgiveness, that the Catholic bishops of Germany and Czechoslovakia, in public statements made last year, painstakingly and without making any excuses described how their people committed crimes against each other? Good, appropriate words, says Filip; but the Czechs did not understand them. Generally, anybody living in Bohemia and Moravia today and less than 50 years old knows nothing of any wrongs committed against Bohemian and Moravian Germans, and many of them don't want to know. The people would first have to be educated. But who is to do this? The Catholic Church is already having a difficult enough time with the Czechs, who now that they have

freedom are going to church still less than previously during the era of antireligious despotism. Newspapers, television, and schools would have to illuminate the dark field of contemporary history and of history generally, Filip feels.

In Karlovy Vary, Filip visited an art gallery which did not contain a single picture by a German artist who had lived there. Many residents of Prague believe that it was not until the Hitler era that Germans came to their city. In Czechoslovak textbooks there is no mention of the contribution made by Germans to the history of their country. This will not change, Filip fears, as long as the politicians in Czechoslovakia, with few exceptions, circumvent the German issue.

A Storm of Disapproval

But now many Sudeten Germans are demanding that their houses and their fields be returned to them. This has been met with a storm of disapproval in Czechoslovakia. Filip, too, does not know how this knot can be undone. But he has his doubts about the wisdom of the Czech defensive slogan that "nobody will be permitted back." Really nobody? If a German wants to rebuild his dilapidated parental home or an entrepreneur wants to rebuild the abandoned factory of his father, each using his own money, should they be prevented from doing this? There are probably not many Germans who would want to settle down in the desolate land of their parents or grandparents; the Czechs will have to get used to the idea of freedom of movement anyway. And the feeling of hostility between Germans and Czechs must be buried. That is how Ota Filip sees the situation, and this is the cause for which he is writing and for which he is speaking.

Could the catastrophe between the nationalities in Bohemia have been avoided? For the Czechs, life in the preceding century was not as idyllic as the Austrians would have them believe, Filip says. Even though the Czechs already had a sizable economic and cultural middle class, Vienna still wanted to treat them like a servile people. The Sudeten Germans, for their part, suffered under the Czech desire to dominate between the two world wars; never did the first Czechoslovakia become the proclaimed "Switzerland of the East." It was the state of Masaryk and Benes. Filip esteems the former, though not completely uncritically, and considers the latter a talented, power-hungry despoiler and a failure. The assassination in 1942 of Reichsprotektor Heydrich, organized by Benes from his exile in London, is viewed by Filip as an irresponsible venture. The attack unleashed a reign of terror and executions by the National Socialists against the Czech people, but did not give this people new moral strength. It was left to the Slovak uprising against the Germans in the late summer of 1944 to accomplish this, an uprising in which the Czechs were not involved. Such grotesque situations are thought up by history.

No, Filip finds nothing creditable to say about Benes. The unfortunate old president of the protectorate, Hacha, who had sent desperate secret messages to him in London, was humiliated by Benes in 1945. (Hacha died in prison.) The Slovak president Tiso was hanged on Benes's orders. The one act was unjust, the other was in any case a grave mistake, which is still having an effect today, since it hurt the Slovaks deeply. And in 1943 he abandoned his country to Stalin so that Stalin would permit him to rid Czechoslovakia of all Germans.

The Courage of Pavel Tigrid

Who else was to blame for the expulsion? Filip recalls very well how, in the parliament in Prague in 1948, all political parties wanted to take the credit for this outrageous act: from the Communists to the National Socialists and Social Democrats, all the way to the Catholic People's Party. Only the journalist Pavel Tigrid, who had returned from exile, a Jew whose real name was Schoenfeld, cautiously but audibly asked the question in the Prague journal, "Obzory" (Horizons) whether it had been right to treat the Germans this way. Tigrid, who after the Gottwald coup d'etat in February 1948 had to leave his native country a second time, has long since decisively and absolutely condemned the expulsion of the Germans. In so doing, he has a reliable, tireless comrade-in-arms in Ota Filip.

POLAND

POLITYKA Weekly News Roundup: 10-16 Feb

91EP0325A Warsaw POLITYKA in Polish No 7,
16 Feb 91 p 2

[Excerpts]

National News

Talks between the government and the trade union organizations—NSZZ [Independent Self-Governing Trade Union] Solidarity and the OPZZ [All-Polish Trade Union Agreement]—were held. The talks were dominated by the problem of the tax on excessive wage increases (Deputy Prime Minister L. Balcerowicz prefers the term "anti-inflationary wage regulator." In essence, however, the talks focused on economic reform and the workers' living standards. [passage omitted]

The Citizens Committees have come out in support of parliamentary elections on 25 May 1991 and called on the Sejm and the Senate to dissolve themselves. The local committees are to decide on their political form of participation in the elections. The committee activists meeting in Warsaw asked the authorities to put forward an initiative to dissolve the Warsaw Pact, the CEMA, and to recognize the Lithuanian state. [passage omitted]

The press spokesman for the Ministry of National Defense announced that the order of the minister of defense, which prohibits sole family supporters from

delaying military service, has already gone into effect. It applies to about 24,000 individuals.

"Eviction from the villa on Klonowa Street" is the title of a report in ZYCIE WARSZAWY. The villa which remains under the control of the Belweder is home to the former chairman of the Council of State Prof. Henryk Jablonski, Wladyslaw Kruczek, a former party [PZPR—Polish United Workers Party] activist, head of the Central Council of Trade Unions and a member of the Council of State, and the widow of Zenon Kliszek, a [PZPR] party activist of the highest level and a member of the Council of State. President L. Walesa has told them that "in the near future they will be asked to leave the official apartments which they have occupied until now" and that "every effort will be made to enforce the eviction decision." The villa is to be returned to its former owner, Wojciech Maszkowski. The Belweder may buy it.

The Committee of Advisors to the President of the Republic of Poland has held its first session. It is to consist of 12 individuals; so far the resident of the Belweder has named eight: Lech Kaczynski, Jan Winicki, Zdzislaw Najder, Stefan Kurowski, Jan Olszewski, Andrzej Kostarczyk, Wojciech Wlodarczyk, and Antoni Maciarenicz. All are associated with the president's election staff.

In a survey by the Center For Research on Public Opinion on the television news program WIADOMO-SCI, the best announcers were Aleksandra Jakubowska (96 percent very good and good ratings) and Marcin Zimoch (91 percent positive ratings). Behind them were Wojciech Reszczyński, Tadeusz Zwiefka, and Tomasz Bialowszewski.

Government telephones have been taken from the Soviet embassy (it had 23 numbers) and from Henryk Jablonski, Adam Lopatka, Mieczyslaw F. Rakowski, Wojciech Jaruzelski, Tadeusz Tuczapski, Jacek Ambroziak, Aleksander Bentkowski, Krzysztof Kozlowski, Jacek Kuron, and Tadeusz Mazowiecki. The government telephones made communication through a special switchboard possible. [passage omitted]

Andrzej Oseka, the editor of KULTURA NIEZALEZNA, has told RZECZPOSPOLITA about the monthly's difficulties. When the journal was published in the underground, the press run of 3,000 copies was quickly grabbed up. Each distributor usually ordered 120-150 copies. Since things have let up in 1988 and 1989, they have taken only 80-90 copies. At present the Ruch distributors return one-third of the press run of 2,000 copies. "We were much better off in the underground," concludes Oseka, "despite of the danger of discovery, sentences, and the fact that the print was tiny. We operated in an environment which unequivocally favored us. Today we operate in a much more indifferent and greedy environment." [passage omitted]

"Any incompetence in work is a sin against your neighbor—the person with whom one works, and the one for

whom one works." says the pastoral letter of the Polish Episcopate for Sunday, 10 February 1991. "Can a teacher neglect teaching because of poor compensation? Can a doctor for this same reason neglect [giving] treatment? Can a construction worker build bad houses, an engineer bad bridges? That would be a crime," the bishops claim. [passage omitted]

Who's Who. [passage omitted] The prime minister has named Eugeniusz Krawczyk (age 37), a lawyer, recently a director for CORT International, a Liechtenstein corporation, undersecretary of state in the Ministry of Regional Planning and Construction.

The president's chancellery has announced that L. Walesa supports the idea of doing away with the 49 voivodships and building larger units similar to those prior to the reform of 1975. The intent of Lech Walesa is to breakdown the excessive centralization of the state.

The Eisenhower Exchange Fellowship, Inc. of the United States is funding monthly stipends (September-October 1991) for 10 individuals, ages 28-45. Fluency in English and proven professional competence in work to help develop Poland—in politics, business, finance, journalism, administration in higher education, nongovernmental social organizations—are essential. Those interested should apply personally at the embassy of the United States in Warsaw or at the consulates in Krakow and Poznan. The completed applications must be returned no later than 12 March 1991. The Fellowship will select the candidates. [passage omitted]

Opinions

Jerzy Turowicz, editor in chief of TYGODNIK POWSZECHNY:

(Interviewed by Jerzy Papuga, KONFRONTACJE January 1991)

[Answer] It appears that Lech Walesa, given his temperament, his sense of historical mission, as I would call it, has a tendency to a certain authoritarianism. He understands democracy in a different way. But I do not sense a danger of some kind of authoritarian system in the near future. It is not known, however, whether that danger might develop if the intent to fulfill the promises made and to meet social expectations fails. Probably it will only lead to an accentuation of certain authoritarian tendencies, but the danger cannot be eliminated.

Piotr Aniola, voivodship commandant of police in Wroclaw:

(Interviewed by Halszka Szczerska, GAZETA ROBOTNICZA 18 January 1991)

[Answer] At one time during martial law, it was thought that we could easily rid Poland of the recidivists if we allowed them to move abroad permanently. If things had stopped at this, only one damage, that to Polish honor, would have resulted. For many foreigners today, the word Pole would not mean little more than petty trader,

drunk, criminal. Unfortunately, these exported recidivists were allowed to get consular passports! When they became citizens of the world, they immediately formed prosperous international gangs—stealing cars, stealing electronic equipment, counterfeiting, forging documents, producing and selling drugs.... From Wroclaw alone, there are more than 1,000 highly skilled active criminals who operate on an international scale. [passage omitted]

POLITYKA Weekly News Roundup: 17-23 Feb

91EP0326A Warsaw POLITYKA in Polish No 8, 23 Feb 91 p 2

[Excerpts]

National News

[passage omitted]

The removal of Gen. Tadeusz Hupalowski, the president of the Supreme Chamber of Control, aroused great emotion in the Sejm. He had previously resigned on a couple of occasions. There were 258 votes for removal, 36 against, and 36 abstentions. (An absolute majority of 171 was required.) In the next vote, T. Hupalowski was made acting president until a new one is elected. Among the two candidates—Wieslawa Ziolkowska (Polish Social Democratic Union [PUS]) and Zbigniew Romaszewski (Citizens Parliamentary Club [OKP])—the former was elected (195 votes for, 138 against, 22 abstentions). [passage omitted]

The protests and strike actions continue. The most spectacular action was a parade of about 20,000 people in Warsaw organized by the OPZZ [All-Polish Trade Unions Agreement]. They demanded an end to the tax on excessive wage increases, equal rights for all sectors of the economy, and a fight with unemployment. In front of the Office of the Council of Ministers, Deputy Prime Minister L. Balcerowicz said that the tax on excessive wage increases is essential. Deputy Wlodzimierz Cimoszewicz spoke in front of the Sejm: "I and the majority of the deputies of the left agree with you.... You do not have to convince my club. Attempt to convince the others."

Leszek Miller, the secretary general of the Social Democracy of the Polish Republic [SdRP], at a meeting in the Wroclawek Voivodship: "The growing wave of social protests and disturbances is no accident. It is also not a springboard for a 'postcommunist conspiracy.' Such insinuations are nothing but a propaganda umbrella of the authorities, an instrument serving to burden the left with responsibility for the results of the right's policy."

In Boguchwala near Rzeszow, the Polish Peasant Party "Solidarity" [PSL "Solidarnosc"] held its congress. It called for parliamentary elections soon, for ending the discord among all the forces deriving from Solidarity and campaigning for the election under a joint standard. Jozef Slisz was again elected president of the party.

The Social Security Agency reports that since 1 January 1991 the lowest retirement [benefit] is 595,000 zloty and the nursing benefit, 178,500 zloty. On 1 March 1991, the family benefit increased to 115,000 zlotys; the newborn benefit, to 230,000 zlotys; the child-rearing benefit to 360,000 zlotys; and the benefit for single parents, to 575,000 zlotys.

At a meeting with the voivodes, Prime Minister J.K. Bielecki came out in support of the division of Poland into 10 to 12 strong regions and against the current 49 voivodships.

From the pastoral letter of Cardinal J. Glemp, primate of Poland, for Lent: "We are interested in how the process of forgiveness and reconciliation among the communities angered with one another can and should proceed. We have noticed numerous communities divided among themselves, the rural areas with rural areas, city district with city district, club with club, party with party, national with nation." The primate recalled the famous letter of the Polish bishops to the German bishops ("We forgive and ask for forgiveness"). "Relations with the Russians are similar. As long as friendship rested on falsehood, especially with regard to Katyn, relations were unfriendly. Since the cross, however, has stood over the graves of the murdered Polish officers and the truth of the actual murderers has become known, we have noticed favorable changes in the attitudes and feelings toward the people beyond our Eastern borders. It must be noticed that mutual forgiveness is easier where both sides recognize Christian values, where rebirth in both means the same thing, recognition of God above ourselves, who is the only measure of objective truth."

Stan Tyminski in an interview for GAZETA WSPOLNA (15 February 1991) announced the formation of his own party and the creation of a monthly (the former candidate for president is trying to buy the daily SZTANDAR MLODYCH). What kind of party is it to be? "In opposition to the existing relationships. Completely different from those which have appeared on the Polish political scene so far." Tyminski says, "I see no serious political party that counts and has real significance. None of them has the appropriate organizational, financial, or structural basis to allow it to operate effectively. All these quarrels, divisions, myths, and poses have little relation to the main problems in Poland."

In the same issue of GAZETA WSPOLNA, Jerzy Stepien, senator and former general election commissioner for the [1990] self-government elections, expects that the party formed by Tyminski or based on his name should gain no less than 23-25 percent of the vote in the upcoming parliamentary elections. He concludes, "It is possible to expect without fear of error that in the upcoming parliamentary elections the groups of R. Bartoszcze, W. Cimoszewicz, and S. Tyminski will win about 40-45 percent (!!!) of the total vote."

Over the course of two years, according to the new Sejm law, the state notary offices will be replaced by private

ones. Notaries will be paid by the users according to rates set by the minister of justice. The permanent records will be taken over by the regional courts.

In the five basic sectors of the economy, the average pay in January fell by 6.1 percent in relation to December 1990.

The Citizens Committee under Lech Walesa is transforming itself into the National Citizens Committee. Its chairman is Zdzislaw Najder. It has called for the consolidation of forces deriving from Solidarity; the Committee itself, however, will not be a part of this block. On the television news program, Z. Najder accused the parliamentary constitutional commission of slowness; the name of its chairman, B. Geremek, was mentioned.

Price increases. Beginning 1 March 1991 in Warsaw, fares for city transit will increase 100 percent more; the price of water will increase 300 percent; the price of sewage will increase 250 percent. The prices of [bus] tickets on State Motor Transport will increase by 70 percent during 1991, and train fares will increase by 120 percent. Fare discounts will be ended.

On Wednesday, 13 February 1991, Andrzej Lipko, the head of the miners' Solidarity, spoke in his official capacity with Prime Minister K. Bielecki and A. Zawislak, the minister of industry, about the structure of mining and work safety in the mines. On the same day, A. Lipko was named deputy minister of industry by the prime minister.

Minister K. Skubiszewski gave a report on the foreign policy of the current government in the Sejm. Among other things, he said, "All of Europe should be treated as a unified security zone. Central Europe cannot become a grey buffer or neutral zone." The minister emphasized that NATO has become a part of European security and the presence of the military of the United States in Europe is a stabilizing element.

[There has been] a decline of trust in public institutions according to a survey done by the Center For Research on Public Opinion. Between January 1990 and January 1991 ratings fell for the Catholic Church to 71 percent from 88; for the government to 50 percent from 82; for the Sejm to 46 from 78; for the Senate to 44 from 75; for NSZZ [Independent Self-Governing Trade Union] Solidarity to 41 from 75; for the OPZZ [All-Polish Trade Union Agreement] to 19 from 32.

The National Security Council [RBN] has replaced the former National Defense Committee [KOK]. It is headed by the president; the following have received nominations: J.K. Bielecki, prime minister; J. Merkel, minister of state in the presidential chancellory; K. Skubiszewski, minister of foreign affairs; P. Kolodziejczyk, minister of national defense; H. Majewski, minister of internal affairs; L. Balcerowicz, minister of finance; J. Kaczynski, head of the presidential chancellory; and K. Zabinski, head of the Office of the Council of Ministers.

Another demonstration at Polish television. The news program "Obserwator" broadcast at 1900 on the second channel and associated with the editors of RES PUBLICA has been brought under the Office of News Programs. The head of the program Damian Kalbarczyk declared that the decision is political, "I do not intend to follow this decision; I do not intend to subordinate myself to the office."

Who's Who. The prime minister has named Cezary Chlebowski (age 63), writer and historian, deputy chairman of the Council for the Preservation of Battlefields and Martyrdom, removing Gen. Division Pilot Roman Paszkowski (age 77). Jacek Zakowski, former press spokesman for the Citizens Parliamentary Club (OKP), author of a book-length interview with Bronislaw Geremek, has been named head of Interpress, replacing Jan Grzelak, a journalist.

Died. Bishop Jerzy Dabrowski (age 60), deputy secretary of the Conference of the Polish Episcopate, chairman of the Group for Church Aid for Catholics in the USSR. He died in an auto accident. Jerzy Majka (age 61), journalist, political activist, editor in chief of SWIAT MLODYCH (1968-81) and TRYBUNA LUDU (1985-88). [passage omitted]

Opinions

Jacek Merkel, minister of state in the presidential chancellory:

(Interviewed by Bronislaw Tumulowicz, SZTANDAR MLODYCH 15-17 February 1991)

[Question] Would you receive Col. Kuklinski as a specialist?

[Answer] Not now.

[Question] What does "not now" mean?

[Answer] That is a complicated problem for the army. Prof. Brzezinski, who supported pardoning Kuklinski, has just visited me. But it is not, however, a question of a pardon. As it is known, this officer cooperated with the American army, and it is a problem of requirements and rights given a soldier or functionary, a problem of his loyalty. On the one hand, Col. Kuklinski acted when communism governed us, and one can note patriotic elements in his position. But one cannot deny that Poland has only one armed forces. One cannot cut off the past; many of Kuklinski's colleagues serve in the army, and they also have a definite sense of loyalty. And in military circles, the judgement of Kuklinski is negative.

Mieczyslaw F. Rakowski:

(Interviewed by Aleksander Frydrychowicz, KURIER LUBELSKI 8-10 February 1991)

[Answer] In my opinion, the only real alliance at present is an alliance of people with common sense. On the other hand, I simply do not believe in an alliance with such

groups as the Citizens Movement-Democratic Action (ROAD) or Lipski's Polish Socialist Party (PPS), and other organizations of this type that consider themselves socialist.

The Social Democracy of the Polish Republic [SdRP] has no chance of forming a lasting alliance with these groups, at least today. For a while, the party will have to go forward alone. Calculations that such an alliance is possible are idealistic little dreams.

Andrzej Bajenski, pastor:

(Interviewed by Iwona Konarska, TRYBUNA 16-17 February 1991)

[Question] An increasing number of events around us show that we have decided on a populist democracy in which the voice of the majority counts. How does a pastor judge this situation and does it mean ecumenism is impossible?

[Answer] The Holy Scripture says that the greatest problems for man are not systems but sins. People form systems. With the collapse of communism, egoism, dishonesty, the lack of tolerance, and greed did not end. Dishonesty, egoism, pride are sins which are in all of us and are with us in every system. We are told that we are free today. But I ask from what? Are we free of communism. Good. And what else? If the battle for positions, hate continue, those are the seeds which will cause the new system to be bad. Nature allows no vacuum. If one totalitarian system is replaced by a second, then what is the difference if I suffer under communism or under national catholicism. There were people who died at the hands of the inquisition and there were people who issued the orders of the committees. For those who suffer unjustly, there is no difference. Bad people will always form bad systems. If we permit catholic egoism to replace communist egoism, nothing good will come of it.

POLITYKA Weekly News Roundup: 24 Feb-2 Mar

91EP0336A Warsaw POLITYKA in Polish No 9, 2 Mar 91 p 2

[Excerpts]

National News

In spite of many reservations, after a debate in which more than 100 deputies spoke, including Deputy Prime Minister Leszek Balcerowicz, the Sejm voted for a budget law. There were 260 deputies for, 20 against, and 31 abstentions.

The third congress of Solidarity was held in Gdansk. It determined the union's position on the current social and economic problems and its position on parliamentary elections. It also elected a new chairman to replace Lech Walesa. After three rounds of voting, Marian Krzaklewski (age 41)—doctorate in computer science,

associated with the Slask-Dabrowski region, arrested in 1984—was chosen chairman. [passage omitted]

In an appeal consisting of 13 items signed by Wlodzimirz Cimoszewicz and Aleksander Kwasniewski, Social Democracy of the Polish Republic proposed an election alliance of the left. "Poland is governed by a government of the right, composed of representatives of parties that have not gone through an electoral test. In the name of liberalism, it is consciously destroying the economic foundations of state enterprise operations without concern for the living standards of the millions of workers. The existence of Polish agriculture is being undermined no less brutally. The liberals governing Poland are today mainly concerned that the most well-to-do 'learn the power of their money' and that the former owners regain their factories and palaces. It leaves the costs of this operation to the working people." The authors of the document think the most important item is "establishing mechanisms reconciling economic efficiency with the principles of technical progress and social justice." They protest the changes that deprive the working people of the social gains they have achieved. They think that one of the most important tasks is combatting unemployment. "The right of women to decide on motherhood should be unimpaired." A democratic state must be neutral toward religion. Many reasons support the liquidation of the Senate, e.g., "Poland cannot afford unnecessary and costly honors." "Together, we must oppose any interference from abroad."

From Krzysztof Skubiszewski's declaration, in conjunction with the beginning of land action in the Near East: "Responsibility for the results deriving from the intensification and continuation of military action falls on the government of Saddam Hussein. We again call upon the Iraqi government to obey immediately and fully all of the resolutions of the Security Council of the United Nations."

In Walbrzych, there was a tragic accident at the Thorez Mine; an unexpected explosion of carbon dioxide and rock occurred. Five miners—Czeslaw Gajos, (age 47), Eugeniusz Modzelewski (age 42), Zbigniew Domszud (age 34), and Wladyslaw Bahota (age 43) of the Association of Mine Works, and Henryk Tulikowski of the Thorez Mine—died on the spot.

ROBOTNIK, the paper of the Polish Socialist Party (PPS), has proposed "a form of civic resistance—a rent strike." In 1985-90, this form [of strike], the authors write, proved effective and caused as much as a 30-percent reduction of rents. The strike depends on refusing to pay the entire rent (as when a [housing] block, for example, strikes) or an amount equal to the rent increase.

Polish military experts have gained agreement from the Soviet side to inspect two units stationed in Poland to determine whether they are storing chemical weapons. However, Gen. Viktor Dubynin, commander of the

Northern Group of Forces, refused to agree. The Polish side, as GAZETA WYBORCZA writes, "intervened sharply."

President Lech Walesa, reported to the government by telephone, that he supports its position of anti-inflationary policy and in this way distanced himself from the position of his advisory committee on the tax on excessive wage increases which the committee had adopted the previous day.

The Solidarity organization at the Wroclaw Agromet-Pilmet Agricultural Machinery Factory conducted a referendum. The subject: Are you for or against the proposed law to protect a conceived child? There were 865 respondents, including 314 women. There were 835 opposed and 30 for (including 21 men). Jozef Piniór, press spokesman for the Wroclaw City Coordinating Committee of NSZZ [Independent Self-Governing Trade Union] Solidarity, made the information public.

Prof. Ewa Letowska, ombudsman for citizens rights, announced that she will ask the Constitutional Tribunal to review the propriety of the minister of defense's decision depriving sole family supporters of the right to delay military service. Prof. Letowska stated, "In Poland we forget that, first, the principle must be established in advance, second, it cannot be changed 'in the course of the game,' third, it must be promulgated with appropriate warning, fourth, one must listen to the concerned individuals, and fifth, the decision must be justified." [passage omitted]

The prosecutor has entered charges against three generals of the Ministry of Internal Affairs. Henryk Dankowski, former deputy minister of internal affairs and head of the Security Office is charged with issuing the decision and Tadeusz Szczygiel and Krzysztof Majchrowski, directory of departments of the Ministry of Internal Affairs, of issuing orders to destroy records of historical, scientific, and scholarly interest. They face punishment from six months to five years imprisonment.

The dismissal of Kazimierz Kutz from the position of director of the Krakow television center has aroused numerous protests. GAZETA WYBORCZA printed a letter entitled "The Krakow Civil Disgrace," signed by a group of people from the Krakow art community. Among the signatories are Jerzy Binczycki, Tadeusz Bradecki, Julian Kornhauser, Stanislaw Lem, Henryk Markiewicz, Jerzy Nowosielski, Stanislaw Radwan, Jan Szancenbach, Wislawa Szymborska, and Jerzy Trela. [passage omitted]

A Sejm commission deliberated for three hours on the title of the law to prohibit abortion. There were three proposals: "Law on Legal Protection for a Conceived Child," (which was adopted by a majority of one vote), "Law on the Protection of Motherhood and Conceived Life," and "Law on the Right to Give Birth and To Protect Conceived Life."

The Press Market. Stefan Bratkowski has renewed publication of NOWOCZESNOSCI, as an independent weekly. The Liquidation Commission for the Workers' Publishing Cooperative has sold GAZETA POZNANSKA to Wojciech Fibak for 3 billion zlotys and SZTANDAR MLODYCH to the Foundation for Economic Education and other associated capital groups, which had the support of the editorial staff, for 12 billion zlotys. President Lech Walesa in a letter to Leszek Moczulski supported the efforts made by the Confederation for an Independent Poland (KPN) to purchase SZTANDAR MLODYCH and in a letter to Minister Wieslaw Chrzanowski the efforts of the Christian National Union (ZChN) to purchase GAZETA POZNANSKA. The Confederation for an Independent Poland (KPN) purchased the weekly RAZEM for 400 million zlotys. That decision conflicts with the position of the editorial staff; the commission voted as follows, three for the sale, two against, and two abstentions. The monthly DZIS—PRZEGLAD SPOLECZNY, whose January issue has appeared, prints recent historical archival materials: the resolution excluding Zbigniew Mitzner from the PZPR [Polish United Workers Party]; Stefan Bratkowski's comments at the meeting on 5 September 1980 of the Basic Party Organization of the Warsaw Branch of the Union of Polish Writers; and Mieczyslaw F. Rakowski's letter of 24 October 1980 to the members of the Politburo of the PZPR Central Committee and of the secretariat of the Central Committee.

In January 1991, the cost of food increased by 10.5 percent in comparison with December 1990: vegetables [increased] 37 percent; dairy products, 30.9 percent; meat, 7.8 percent; alcoholic beverages, 26.6 percent (beer, 21.8, wine and meads, 19.1 percent).

According to TRYBUNA, reportedly during the voting on the legality of the law introducing religious instruction into the schools, the judges of the Constitutional Tribunal divided 6 and 6, and the verdict, rejecting Ewa Letowska's action, was settled by the vote of the chairman. Reportedly Deputy Wieslawa Ziolkowska should have no difficulty with the confirmation of her election as president of the Supreme Chamber of Control by the Senate. First, the president has confirmed his support for her candidacy and her program of action; second, the opposing candidate Senator Zbigniew Romaszewski is to become president of the Main Customs Office.

Who's Who. Prosecutor Janusz Eksner, whose comment on atheism "as the worst of religions that drains the mind and heart" made during the hearing before the Constitutional Tribunal aroused such emotions, has submitted his resignation. Tomasz Bartoszewicz has been removed from the post of president of the Main Customs Office.

ROMANIA

Leadership Forming 'Totalitarian Front'

91BA0364A Bucharest ROMANIA LIBERA
in Romanian 6 Feb 91 p 8

[Article by Corneliu Buzinschi: "The Fear Is Back"]

[Text] Ceausescu centralized the levers of state control in the hands of party activists. By December 1989, this mechanism was nearly perfect, with the oppression machinery glorifying the power corollary. The unexpected outburst of the revolution transfigured the face of power, as conceived by the Army, Securitate, and party activists. The street uprising came as a surprise, and the haste with which this power was capitalized gathered the forces into an "emerging spirit" that led them to call themselves the "emergents" of the revolution. To conceal their intentions, the "emergents" list was long, including as it did Romania's dissidents, as well as the striking force of the II Communist Guard which was operating specifically toward a return to the fold. The year 1990 was the year of violence systematically imposed by the nucleus left in place to direct a repositioning of forces (police, SRI [Romanian Intelligence Service], militia, army) needed to enforce the actions of the power. In this way, the state machinery activist could continue his communist minion swindling, the militiaman could unleash his communist aggressiveness in his new policeman's uniform, and the "clean" SRI Securitate man could continue his communist inquisitorial activity. Even our president said as much: "Governments can change, parties can change, but the state machinery is not easily changed. These are specialists who grow with time." And as we know, today, one year later, the communist specialists are more or less in the same jobs, except that the nameplate on their door has changed, and that instead of being called "comrade," they are called "mister." And since he no longer needs an ideology, the ex-comrade mister applies the same mentality of communist minion, except that he now speaks in the name of an enlightened power, of our original democracy instead of in the name of victorious communism. And so the nucleus that has shepherded us all year for "our own peace of mind"—Ion Iliescu, Alex. Birlad-eanu, Silviu Brucan, Corneliu Manescu, Martian, Virgil Magureanu, Petre Roman, Stanculescu—has created a Totalitarian Front supported by the cream of the "activist specialists," a web under which the nation is struggling, marveling at a deaf parliament, with a shadow opposition that lends the government the appearance of democracy. The Totalitarian Front imposes its laws, dancing before Europe's eyes the steps of original democracy, so that we have become some sort of Balkan fairground clowns, perceived as an aberration of the former communist prison camp, where the red witch is still enthroned and looks at us with a "human face," with the terrible George Marchais himself as witness for the defense singing to our leader the praises of the security and consistency of communist strategy. Which explains the specter of the Kremlin that is watching over us.

The year 1990 was the year in which the sheepfold was reinstated, and in which the Totalitarian Front was established as the leading force in Romania. We find ourselves face to face with a vast political blackmail, comparable only with what took place when the communist gulag began to be formed in Romania, when Groza and Dej were fingering their pistols, blackmailing the king of Romania, and when Ana Pauker was in direct contact with Stalin, preparing the gulag. In the same way, we now have an Iliescu minister-secretary of state for youth, necessarily trained according to the customs of party hierarchy as future statesman and possible replacement—in function if not in viewpoint—who has become the well-schooled, mannered heir, swapping club and cudgel for influence, blackmail, and psychosocial pressure, a liberal democrat in appearance, but moving amidst the same criminal ideology. And let us not forget the training of all these innovators in Moscow's schools. The Magureanu link emerges in 1969, recruiting disciples everywhere, from students to Securitate officers. The team substitution was being prepared in a domestic guise, but the nerve center was of course in Moscow. That is how in 1972 we find Magureanu having entered the Securitate, actively involved with the rank of captain under the command of General Doicaru. The placement of Iliescu in the leader's position was being prepared as early as 1984. His many travels among intellectual circles was merely a well constructed cover. He knew his role and he played it. When on the afternoon of 22 December 1989 the demonstrators found that they had ended up with him, imbued with the Front platform, Romanians were face to face with an old conspiracy which had quickly engineered its mechanism, established leaders and a head man, all of them named with the organizational precision of the communist party, from which in fact they emerged. Now the orchestra also acquired unanticipated violins (Maziliu, Stanculescu, Chitac, Iulian Vlad, Gusa, and even Niculescu-Mizil), which was part of the unplanned twist of any conspiracy. Their disappearance was predictable. The known intellectual dissidence was used as a screen and *carte blanche* to introduce the prearranged characters. The only remaining official dissident, Silviu Brucan, with relations ranging from Zionist circles to internationally oriented top KGB echelons, the eventual brain behind the Front, now finds himself on the same wavelength as the power. It is known that Virgil Magureanu was the head of the commando unit which, through the Disinformation and Diversion section of the Securitate, invented Ion Iliescu's dissidence (democratic intellectual with broad views, the most indicated successor to Ceausescu). The "dissident" had a direct line to the "academician" comrade, as could be seen from her personal telephone book.

When the young people clamor that their revolution was stolen, they do not speak in vain. The orchestration of those who emerged on 22 December 1989 after Ceausescu's flight, is to the credit of a certain segment of Securitate, the apparently insignificant professor at the Stefan Gheorghiu University, Virgil Magureanu.

When earlier we mentioned the new central committee of our Totalitarian Front, we were speaking in fact of the return to the fold that we are witnessing today, one year since the power is consolidating its repression machinery. The repressive tactic was verified in the arrest and deportation of the king. It is quite evident that we are again heading toward dictatorship under the cover of a "deaf parliament," as obedient as the former Great National Assembly, and with an army subordinated to the president and led by a slippery general who knows that he cannot afford to step into quicksand for the second time around. Those who continue to betray the sacrifice of our youth, the leaders of the new power, are determined to survive at any price. What then? The youth, in desperation, seeks its salvation in the rest of the world. The intellectuals, sensing the great deception, have formed an allied front against the totalitarian mechanism, and the more that 6 million young people—authors of the revolution, those who shouted "Down with communism!", the brothers of those who died in the street—have realized that the Securitate-communist state has resuscitated its buried lies under the guise of the original democracy, and appear determined to sacrifice themselves once more.

Peasant Party Leader Responds to Allegations

91BA0369A Bucharest DREPTATEA in Romanian
21 Feb 91 pp 1, 3

[Interview with Corneliu Coposu, chairman of the Peasant-Christian and Democratic Party, by Doina Basca; place and date not given: "About Lies, Calumny, and Security"]

[Text] [Basca] Mr. Chairman, let us begin with a topic devoid of political interest. The FSN [National Salvation Front] newspapers, together with the chauvinist, fascist press, and with Securitate publications at the service of the political power, have recently started a sustained campaign of calumny and defamation against you.

[Coposu] That is wrong! The campaign did not start now, it is only continuing; it began on the night of 28 to 29 January 1990, when the entire sector of propaganda and disinformation was mobilized, and all the dissemination mechanisms at the seat of government went into action to print and spread the most unbelievable calumnies, lies, threatening, and defamatory writings about me. Leaflets of this nature were even scattered by helicopter. Attacks from the "unofficial" press began at the same time (and have not yet stopped).

[Basca] It is known that you have never undertaken personal attacks against the president of the country or the prime minister, and that you have not used any names in your statements, articles, and interviews. I know that all your declarations concern questions of principle, or of objective criticism, without personal references. How do you explain the crass reaction of the political power?

[Coposu] As far as I am concerned, this is a principle from which I do not deviate. As far the others are concerned, it is an issue of "fair play." In fact, it is possible that the initiative and the "valuable indications" come from secondary levels, infiltrated, as is often the case at times of confusion, by unbalanced men devoid of decency, extremists, and irresponsible elements, looking for approval.

[Basca] Could you define the category of these slanderers?

[Coposu] It is not a matter of a single category, but of several. There are many who have become guilty of abuses and illegalities, or at the least, of censurable behavior under the communist dictatorship. Others are professionals at spreading lies in the service of those in power, now as in the past. They are experts at misrepresentation and charlatanism. There is also the category of fools, who have no other way of expressing themselves than through impertinence and coarseness. There are also those made witless by fear. Nor must we exclude from the "arena of calumny" the presence of individuals with criminal propensities, or of elements which warrant a diagnosis of "moral insanity."

[Basca] Do you believe that there exists a human passion for soiling others?

[Coposu] Without a doubt. It certainly indicates the beginnings of a psychological disorder. I have seen demented people, not dangerous in any other way, whose existence was limited to the desire to pitch tar at pedestrians.

[Basca] Do you consider that there are professionals of the written or oral lie?

[Coposu] Certainly! Leaving aside the condemnable "officialdom" whose lies are conscious, deliberate, and serving specific interests, there is a category of people so obsessed with the irresistible urge to lie, that they are not capable of telling the truth no matter how hard they try. For 43 years our country has endured a regime of lies, raised to the status of government dogma, which has split the personality of the people. Under communism, everyone is accustomed to lying, from the lowest clerk to the prime minister; all reports, all communications, all statistics are lies. Everyone is aware of shameless lying, but no one deviates from the rule that has become a "comradely obligation." The people have gained the habit of hiding their thoughts by lying. They casually engage in lies, especially when it is profitable. Lying reaches the highest levels; lies come from the rostrum, from official pronouncements, from the press. No one cares when lies are unmasked; it is an incident received with smiles and cynicism. Communism has created the bad faith complex.

[Basca] You spoke of the prevalence of lying under communist regimes. What is the situation now?

[Coposu] We are living under cryptocommunist.

[Basca] Do you keep track of the defamations in which you are implicated, and the insults that are often aimed at you?

[Coposu] I do not have time for that. I am sometimes told that various FSN flag-waving, chauvinistic cesspools, are attacking me, spewing insanities and vile infamies at me, or that some wretch with or without a police record is unleashing absurdities on my account. It is difficult to keep track of these infamies, impossible to maintain statistics of lies. There are normal people who love to collect stamps, coins, or medals, or picture postcards. Other, less normal ones, collect nooses, pistols, and knives that have been used to commit crimes, or false documents. Still others collect lies and insults, and delight in reciting them. It is said that the dictator couple viewed with interest surreptitious recordings of racy scenes obtained by Securitate in the bedrooms of the hierarchy. The tastes relate to the mental health of the participants. I am convinced that sooner or later, all slander turns against the slanderer.

[Basca] Aren't you affected by the slander and lies initiated by groups that are considered "highly placed"?

[Coposu] Groups that instigate slander and lies cannot be considered "highly placed." No goals (no matter how exalted they may be) can excuse such means, which can only be deemed unworthy of the integrity of respectable people. We are now moving through a phase of general confusion, in which the acceptance of untruths on the part of a systematically disinformed population is staggering; it is an ideal time for the emergence of clowns and dolts. I consider that any attention devoted to this category of impostors is tantamount to an unacceptable waste of time. In our ancestors' words: "De minimis, non curat praetor!" [The leader is not concerned with trifles.]

[Basca] Still, it would be useful if you could be specific in some respects. It is said that during the communist dictatorship you were living comfortably abroad.

[Coposu] I did not leave the country's boundaries for even one hour between 1938 and the revolution. In fact, I would have found it very difficult to be both abroad and in communist jails or under house arrest.

[Basca] Communist proclamations have stated that you were married to Doina Cornea.

[Coposu] That is what I have heard. I am filled with the greatest admiration for Doina Cornea, and I consider her as the symbol of our anticommunist resistance. I met her personally only after the revolution, in December 1989. Of course, from foreign radio broadcasts I knew of the courageous, clearheaded, well behaved, and exceptionally dignified activity with which she confronted the oppression and terror of recent years.

[Basca] Much has been made of your landholdings, which the FSN propaganda has estimated at hundreds of hectares scattered over half of the country's counties.

[Coposu] I do not have, nor have I ever had even one measure of land. I have always esteemed our peasants and have known their attachment to the soil. I have exceptional respect for the owners of agricultural land, although I am not one of their number.

[Basca] Do you have a house?

[Coposu] Unfortunately not; neither I nor my close family. I lost the family home during the occupation of North Ardeal in 1940. My apartment in Bucharest was bombed by the Germans on 23 August 1944.

[Basca] Do you have a car?

[Coposu] I do not have a car either. I use my friends' cars to travel.

[Basca] Do you receive any remuneration for your distinguished political functions?

[Coposu] No. I do not believe that it would be appropriate for me to receive payment for activities conducted out of devotion for the ideas that I serve.

[Basca] It has been asserted in writing, even in newspapers with claims to respectability, that you have distributed dollars, "blue jeans," and "Adidas" to your sympathizers.

[Coposu] I know. It was a lie that was fashionable during the electoral campaign. Precise names and addresses in various areas of the country were printed about people who claimed that I had visited them in villages where I have never set foot, and that I had distributed thousands of dollars to vote for our party. If all of those sums were to be added up, I think that there would be enough to eliminate the terrible economic crisis in which we find ourselves.

[Basca] It has also been said that before the revolution you had often visited the Stefan Gheorghiu Institute, and that you were the head of work organization.

[Coposu] That is absurd. It is amazing how some people will make statements that can be invalidated on the spot, just for the sake of lying.

[Basca] You have been accused of "collaborating" with the communist Securitate.

[Coposu] I believe that I have been the most investigated political opponent of communism in the whole country. After leaving prison and after the lifting of the house arrests in Baragan, I was constantly kept under the closest police watch. My mail was routinely censored. I recently saw printed in the paper foreign correspondence which I never received. My telephone conversations (whenever my line was not being disabled) were taped, and I was interrogated on dozens of occasions on the grounds that I was concealing conspiratorial designs. I had (and I believe still have) microphones installed in my house, connected to the spy service, whose duty it was to report all that I did and do. Based on the

recording of political discussions through well-placed microphones, I was frequently questioned, almost daily, for two years, together with all the participants (who are alive, except for one who "committed suicide"). My telephone callers were harassed. The houses I visited were raided by Securitate. Hundreds of people were forbidden to have anything to do with me; some were forced to sign formal statements to that effect. My house was searched dozens of times on orders from the Military Prosecutor's Office, at which time they confiscated hundreds of papers, notes, correspondence, essays, books. These materials can still be found at Securitate, even though I have repeatedly requested their return. I still have a sheaf of search warrants with lists of the confiscated materials. Each search was followed by a summons to Securitate. I was compelled to declare my political relations with those with whom I corresponded or whom I met. There was no meeting with political friends that was not followed by an investigation—except of course for the meetings where I managed to elude the police watch. I believe that during the long period (1945-89) when I was being watched by the communist Securitate (including a long stretch of incarceration), I had my share of more than 100 investigators (generals, colonels, majors). Throughout that period, I was brought hundreds of times to Securitate headquarters, I was asked to make hundreds of statements about friends, acquaintances, and often people whom I did not even know, but with whom I was accused of attempted plots, of slandering the regime, of attempts to overthrow the established order, of illegal relations with foreign citizens or with Romanian expatriates. Every final departure of a Romanian was followed by my summons for an investigation. I was suspected of illegally transmitting information to foreign radio stations and "capitalist" embassies. Dozens of easily recognizable informers swarmed around me, and some of them visited me on orders. Many of them were honest enough to tell me of their assignment, and some kept their task a secret. While I was working in construction, the only department open to me, I was called to Securitate by written summons that confirmed my appearance and verified the time I was detained "in the interest of state security."

[Basca] Were you ever given explanations about the special "attention" that you received from the institution of repression?

[Coposu] Yes, repeatedly. I was accused of clandestinely maintaining an outlawed political party; of instigating plots; of training former party members in dangerous activities; of representing a permanent threat to public order. The fact is that all the friends investigated at the same time as me, or connected with me, were confronted with the same accusations.

[Basca] What can you say about the conduct of the so-called investigators?

[Coposu] Their roles were assigned from above. Some were harsh, rude, made serious threats, used coarse

language interspersed with verbal abuse and mistreatment; others were polite and spoke civilly; many made an effort to remain correct, to the extent their jobs allowed. I also encountered this type of investigator. And some, especially after 1985, tried hard to excuse their attitude (particularly when they were away from colleagues and microphones) and even to leave me with the impression that they were performing, against their own inclinations, what they called their "professional duty." I am convinced that among them were a number of honest men who hated the regime. I had a natural distaste against those who attempted to challenge with their atheistic notions, with their total absence of moral equilibrium, and with their display of affinity for abuse and crime.

[Basca] When did the communist Securitate abandon their methods of violence and torture?

[Coposu] As far as I can tell, I think it was after the Patrascanu trial, in which they attempted by every means, but without result, to obtain false testimony from me against him.

[Basca] When were you last detained?

[Coposu] In 1980, in a staged incident of spying against a political friend, and I believe in the same year, when the member of a minority permanently left the country.

[Basca] Did your family suffer at the hands of Securitate?

[Coposu] All of them without exception. After my arrest, they were mistreated by Securitate. My wife and sister-in-law were jailed. My mother and sisters constantly harassed. The persecution extended to relatives, friends, and acquaintances. I always felt guilty, with no justification in fact, for the suffering of those who had to bear the unpleasant consequences and who were victimized because of me. And there were many. In short, that is what can be said about my 47 years of "collaboration" with Securitate.

[Basca] Did you meet the investigators since the revolution?

[Coposu] Accidentally. I suspect they are working in other departments. I do not bear them any resentment. Each of them did what he believed to be the job for which he was being paid and promoted. And although it does not seem reasonable, I do not think that my serenity would be disturbed even were I to meet my torturers from the past.

[Basca] Thank you for this informative conversation, which I have no doubt will elicit the interest of many who are unaware of these events.

Mazilu Discusses Human Rights Issues

91BA0365A Bucharest ROMANIA LIBERA
in Romanian 15 Feb 91 p 8

[Interview with Dumitru Mazilu, UN reporter on rights of world youth, by Nicoletta Franck in Geneva on 13 February 1991]

[Text] For many years the Romanian expert Dumitru Mazilu was known as the "Mazilu case" on the UN Committee on Human Rights. The committee had appointed him reporter on rights of world youth in 1985, when the UN General Assembly declared that year "Youth Year" at Nicu Ceausescu's suggestion. In April 1986 Mr. Mazilu finished the first version of his report and prepared to go to Geneva, where the UN Subcommittee on Human Rights was to hold its annual meeting that summer. But he was arrested and did not go. State Security did not like his report at all. From then on one spoke of "the Mazilu case."

Why did reporter Mazilu not meet his obligation to appear in Geneva? The Romanian authorities gave three versions: He lost his mind and was interned in a psychiatric hospital. No, he had a cerebral attack. No, he had a heart attack. With the humor characteristic of his people, the English expert called up the Romanian Foreign Ministry and asked them where he could reach the invalid on the telephone in order to wish him a speedy recovery. A joke was made of a misfortune. Finally the United Nations requested a consultation with the International Court of Justice in the Hague, whose verdict was that Dumitru Mazilu enjoys diplomatic immunity as a reporter. Meanwhile Mr. Mazilu managed to send a report to Geneva in the lining of a tourist's jacket that was not about the state of youth in the world but in Ceausescu's Romania.

After that the situation changed and Mr. Mazilu was able to come to Geneva—with a report, also about Romania, that they did not like either in Bucharest and for that reason he no longer receives a cent from home, he assures us.

And so now, while the committee meeting is going on, Mr. Mazilu is presenting a report again, also about Romania. It is concise, in four sections, and it describes in fact and at law "the state of human rights in Romania," with special reference to youth, since the tragic events that took place in Bucharest in June 1990. I asked him for explanations.

[Franck] The first section of the report is entitled "Violations of Human Rights by the Romanian Government on the Occasion of King Michael's Visit to Romania (25-26 December 1990)." What is the impact of this violation of rights upon Romanian youth?

[Mazilu] It was a shock to the young generation: For 43 years the Romanians were told nothing but lies about the king's role in the history of Romania, and yet when Michael arrived on a visit in order to pray at the tombs

of his grandfathers many Romanians, including many youths, were shocked by the abuses committed by the government!

[Franck] Of what did the abuses consist in fact and in law?

[Mazilu] In fact, the government used its huge police organization to arrest and expel the king and the members of his family. By this violent action it violated both the International Pact on Civil and Political Rights and the Universal Declaration of Human Rights. The latter stipulates that "no one can be arbitrarily deprived of his citizenship." Therefore the Groza government's decision to withdraw King Michael's citizenship in 1948, a decision that the present government used to expel him, is an abuse because according to the Universal Declaration the king is a Romanian. I say in the report that it is the duty of the Romanian Government to notify the national and international communities that the Groza government's decision of May 1948 is contrary to international law and to address apologies to King Michael.

[Franck] The second section is about "Continuous and Regular Repression of the Romanian People and Primarily of the Youths Who Are Peacefully Demonstrating Against the Present Government." What repression and what abuses?

[Mazilu] There have been many repressions and abuses even after 23 October, when Prime Minister Petre Roman solemnly declared to the Committee of the European Community that he would never again resort to violence against peaceful demonstrators. In my report I mentioned only the demonstration in University Square on 11, 12, and 13 January 1991, when the peaceful demonstrators, most of them youths, were brutally beaten as Romanian and foreign journalists were also beaten. I cited their names below. By its violent actions on those days the Romanian Government violated the provisions of Articles 5, 19, and 21 of the International Pact on Civil and Political Rights as well as the international standards of freedom of the press. These violations are not "accidents on the road to democracy," as he says, but constant violations including incitation of one ethnic, religious, or professional group against another as well as brutal repression of all contrary opinions.

[Franck] The third section is about "Violation of People's Right to the Truth, in a Complete and Sincere Report." It is a long section. What does it contain?

[Mazilu] I list all the unanswered questions in the "original democracy" that promised to abandon repression but continues to repress the people and especially youth and that refuses to tell us, for example, what it has done with the former government party's property and how it is managing the nation's economic and financial resources, thereby violating every citizen's right to know the truth so that he can determine the options knowledgably, that is freely.

[Franck] The last section is entitled "Violation of People's Right to a Worthy Life. The Sufferings of the Past Have Returned to the Romanians' Homes and Daily Life." What do you bring up and what do you demonstrate in that section?

[Mazilu] I bring up the facts that have brought us back to cold, hunger, and fear. I also speak of the crime committed against the orphaned and handicapped children, and the fact that the people of the new power have not made the villas of the old oppressors available to these unfortunate children but are occupying them. I demonstrate that such problems having to do with the dignity of man can no longer be concealed today in any legitimate state behind the outmoded curtain of "national sovereignty." Today the citizen's right to a worthy life comes before the state's interest!

Supreme Court Decision on Railway Strike Assessed

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in Romanian 20 Feb 91 p 2

[Interview with Attorney Vasile Gh. Ratiu, president of the Free Union of Romanian Lawyers, by Constantine Vranceanu; place and date not given: "Supreme Court Decision: Illegal and Prestablished"]

[Text] [Vranceanu] What do you think, sir, of the way the Supreme Court of Justice saw fit to resolve the labor dispute with the regional directorates of the CFR [Romanian Railroads] on strike?

[Ratiu] Regardless of whether the strikes were appropriate or not, I think that, legally speaking, the Supreme Court showed an improper tractability in regard to its authority because its duty was to enforce the laws of the land in their entirety, while also allowing for the general principles of law that support the exercise of an act of justice in conformity with the state's legal principles. Let me explain.

The way the units' petitions were adjudicated flagrantly violated the trade unions' right to a defense. For instance, in regard to the procedure for summoning the parties, although it is permissible procedure to shorten the time limit on the summons (five "free" days before judgment), nevertheless according to the legal principles the court was obligated to ensure the actual presence of both parties to the trial. It is known that the summons was delivered by telex, a procedure that is not stipulated by the Code of Civil Procedure, because there is no signature in the file. Furthermore the high court should have either determined by telephone whether or not representatives were sent to the trial, and postponed it for lack of a defense (due process in settling all disputes), or appointed a public defender authorized to obtain a time limit within which to contact the trade unions and document their defense. Moreover it was legal and natural to put the case back on the docket when the representatives, who had been delayed by a snowstorm, appeared, because the court had not yet ruled. Since that

was not done, there is no escaping the opinion that the ruling was already predetermined or that the decision had already been pronounced, making the respective judges incompetent to try the case. The solution: Even in the present situation I advise the trade unions to appeal the pronounced decisions for an annulment on the basis of Article 317 of the Code of Civil Procedure. The conclusion: Disregard of the principle of hearing both sides of disputes, combined with disregard of the right to a defense, are typical means of enslaving justice, which I hope is not the case here.

[Vranceanu] Do you think the Law on Settlement of Labor Disputes is applicable in this case?

[Ratiu] Law 15 of 11 February 1991 has major defects, partly to be explained by the haste in which it was ratified. Short of making an in-depth analysis of the general provisions, many of which violate both the legal principles and legal logic, I want to comment as follows on the case that concerns us:

The date of enforcement of the law, namely 13 February 1991, which coincides with the date of its publication in the daily ADEVARUL, prevented the injured units' petitions from being recorded at the Supreme Court on the same day, the 13th, because it is assumed according to elementary logic that not all the interested parties could have known of its provisions on that same day. Moreover, according to Article 101 of the Code of Civil Procedure, "The time limit is interpreted on the basis of "free" days, not counting either the day on which it begins or the day on which it expires."

Conclusion:

a) According to Article 103 of the same code, a procedural act of petitioning the Supreme Court before the legal date, as well as exceeding the time limit, was of a kind to prevent the court from judging the case, and therefore the decision is null and void by law.

b) According to Articles 30 and 31 of the law the CS [Supreme Court], in adjudicating within a time limit of seven days ("free" days between the date of petitioning and that of pronouncing the decision), can suspend the strike for a period of 90 days, provided that it finds that the strike is affecting the major interests of the economy or humanitarian ones. But when the injury to some major interests can be tested only with documents coming from the parties, I wonder what the legality and validity are of a decision handed down in haste and without according the trade unions the right to request administration of tests that could confirm their viewpoint. Moreover, the court's very haste to consider absent those against whom it took the measure bears out the opinions of those who consider that the measure had already been established, the absence of the party being procedurally a recognition of the validity of the petition.

c) According to the basic principles of any system for administering justice and according to the maxim that "Anyone can err," there is no country in the world where

a first decision becomes definitive and executory immediately and with no possibility of appeal. Needless to say, not even in the darkest periods of the dictatorship was there a jurist who recommended such a law. In extreme cases a decree was issued or a measure was "devised" that produced the desired result, but without resorting to a pretext that could make judges "servants of power." Accordingly, I hope that the presidential institution itself will be understood and that in representing the national vote it will take steps to annul what is necessary and that it alone would be able to certify the principle of separation of the powers in the state and that of the independence of the judicial organs.

d) Finally, I specify that Articles 30 and 31 of Law 15 of 1991 seem to be introduced for the very purpose of resolving the situation created, since the CS's judgement is foreign to the spirit of the law (and accordingly quite confused and subject to interpretation), especially since Articles 36-37 also specify the competence of the ordinary organs (the law courts plus appeal to the Tribunal) at the same time.

Concerning the offenses against the law, as well as the ensuing damages, I want to remind all those concerned that according to Article 11 of the Penal Code, "Criminal Law does not apply to actions that had not been specified as offenses at the time they were committed."

I conclude in the hope that the foregoing will be able to induce all concerned to act in such a way that in the future there will be no possibility for trials of this kind to be labeled "farces of justice."

YUGOSLAVIA

Closer HDZ Cooperation With Christian Democrats

91BA0335A Zagreb VJESNIK in Serbo-Croatian
18 Feb 91 p 3

[Interview with Miljenko Zagar, secretary of the HDZ [Croatian Democratic Community], by Branko Podgornik; place and date not given: "Cooperation With Europe: The HDZ Is Becoming a Christian Democratic Party"]

[Text] We had talks with representatives of the EUCD [European Union of Christian Democrats], during which a common readiness regarding mutual cooperation was expressed which could develop on various levels and in diverse programs, says Miljenko Zagar.

An item of recent news was the surprising story that the Croatian Democratic Community [HDZ] could become a member of the European Union of Christian Democrats (EUCD). Does this mean that the most powerful Croatian party could soon take on a Christian Democratic form?

With that question we turned to Miljenko Zagar, HDZ secretary for interparty relations. Here is what he says:

[Zagar] The Croatian Democratic Community was conceived as a party which, on the basis of generally held cultural and ideological principles of democratic Europe, wants to restore a Croatian state with all the traditional values that have characterized it, that have guided it, shaped it, and moved it forward. All of this is inconceivable without the age-old European humanistic values.

In Article 10 of the HDZ rules it states how the goals and tasks of the Croatian Democratic Community will be accomplished by supporting the transformation of the Republic of Croatia into a democratic, parliamentary, multiparty state, guaranteeing and ensuring all fundamental rights and freedoms to each of its citizens irrespective of race or nationality, religion, world view, political viewpoint or convictions, as well as sex and property-owning status, by introducing market-oriented management, and by getting Croatia included in the European community of associated nations.

The Croatian Democratic Community is not tied to accomplishing its program for a single religious community, but it emphasizes the basic values that exist in the foundations of European culture and civilization that sprouted from and grew on the basis of generally held evangelical principles. Those are freedom, truth, equality, tolerance, social welfare, concern for each individual, etc., which represents an orientation toward others as persons. And that is indeed the essence of the evangelical religious message. In practice that means respect for religious freedoms and practical incorporation of religious heritages into the humanizing and improvement of individual and group interpersonal relations. That is in harmony with what Jesus says: Whatever you did to any of my brethren (people), you did to me. Even if that is not stated explicitly, those values are implicitly included in the program orientation of the HDZ. And in practice that is confirmed by cooperation on all sides, official and unofficial, with religious representatives, and by the actualization of religious freedoms in all possible aspects.

[Podgornik] Will the HDZ fill out its current program?

[Zagar] The time factor is essential in the development of any idea, party, or movement. Accordingly, also the formulations in programs, as well as the ripening of certain positions, have their own evolution. The basic documents of the HDZ originated at a specific point in time, and particular formulations and positions bear its stamp. In conformity with that, certain basic positions will be filled out and perfected just as the program will be more concretely expressed and realized, during which time what I talked about before will also be realized. For all of this is, in essence, woven together.

[Podgornik] The Croatian Christian Democratic Party [HKDS] recently reproached Dr. Ivan Cesar in dramatic fashion for the HDZ using not only the symbol but also the program of the HKDS.

[Zagar] I think that it follows from what I have been saying that the HDZ is not usurping anyone's name or

world view. It is open to all positive human values and wants to build them into everyday life. We work together with many democratic West European parties among which there are many with the name Christian. Especially with Germany's Christian Democratic Union and Christian Social Union. In practice, there are no difficulties. The HDZ had talks with representatives of the EUCD, during which there was expressed a common readiness regarding mutual cooperation, which could develop on various levels and in diverse programs. We see no reasons for worry or anger in the HKDS just because cooperation with all truly democratically oriented parties in Croatia is possible and desirable. To that end, the HDZ is open to and prepared for dialogue and cooperation.

[Podgornik] Your rivals cast doubt on the possibility of an HDZ with a Christian Democratic orientation, supporting that also with the point that in the HDZ there are former communists who hastily altered their beliefs.

[Zagar] The fact is that HDZ members are mostly, in theory or in practice, of a Christian Democratic orientation. Along these lines I am not excluding those who up until recently were [Communist] Party members—who after a certain fashion can be considered crypto [secret] Christians. A book about such persons was published in Germany by the author Doroteja Sala. I want to emphasize that in Eurocommunism atheism was not an essential stipulation and condition for membership in communist parties, and in practice many of our [Communist] Party members acted that way as well. In our country, belonging to the [Communist] Party was in many cases more a cultural than an ideological rule. Hence, it is not politic to rebuke the HDZ for having a middling portion of former [Communist] Party members in its ranks. I would rather point that out as a positive attitude of an HDZ which is open to all people of good will that side with what is good, if, of course, that is really in accord with their conscience. Indeed, everyone according to his conscience has the right and the duty to work toward what, at a given time, is best and most progressive. After all, that is how it was in the early church. It arose and developed in such a way that nonbelievers as well as converts joined it. One must not forget that a portion of the people experienced these democratic changes and their departure from the old League of Communists as their own liberation. One of the first and basic messages from John the Baptist through all the subsequent missionaries was "Metanoite." Translated from Greek to Croatian that means: change your attitude, your view, your thinking—be converted. The HDZ offers everyone that conversion, but within an entire totality in connection with one's past political, ideological, hierarchical, and nationality situation. And furthermore, do not think that people have been, are or will be without sin. But that the HDZ will strive theoretically and practically from all sides to develop Christian attitudes woven into the foundations of European humanism and civilization, of that there is no doubt within the HDZ.

On those principles we would want cooperation with other parties, including the HKDS.

[Podgornik] In Zagreb recently representatives of the EUCD talked with among others representatives of the HDZ and HKDS. Was it you (HDZ) who invited them for talks?

[Zagar] The EUCD representatives came on their own initiative to talk to us, which we accepted with great satisfaction and explained our principles and positions. They were direct in their questions, and we were frank and thorough. They wanted to check up on the kinds of orientations and programs of the parties in power in Slovenia and Croatia, and to see what possibility there was for cooperation and membership in the Union. And the HDZ can work with the Union as an observer, not just as a full-fledged member.

Workers' Party of Slovenia Created

*91BA0410A Ljubljana NEODVISNI DNEVNIK
in Slovene 2 Mar 91 p 5*

[Article by Milena Ule: "Workers' Party Has Inspired Fear"]

[Text] Ljubljana, 2 March—"The party vacuum is our big opportunity. The pressures and fear, and the needs of the working class, which wants to win the place that belongs to it in a democratic manner, have given birth to our Workers' Party!" This was emphasized at yesterday's press conference of the presidency of the Workers' Party of Slovenia [DSS] by its president, Vlado Rancigaj.

The DSS was established on 16 February 1991 in Celje, and is registered in the Ljubljana Center opstina. The program and goals of the DSS do not differ as much from the program principles of most of the other political parties in Slovenia, as they differ from them in the strong will to fill the political gap in representing the increasingly abandoned "worker field." They do not want to be merely a blue-collar party, however. Its leading representatives were and still are active in trade unions, but they nevertheless assert that trade union protests alone cannot achieve a great deal, and that it is necessary to get

workers' interests represented in the Slovene Parliament. They will strive to do this in the next elections. Above all, the DSS wants to be pragmatic. It is proceeding on the basis of what the worker feels and needs today in order to survive—at a time when enterprises are failing one after another and when the market for the labor force is turning into a trash pile for that labor force. Its program says that in a way, Slovene policy is invalid, because it did not know how to include a significant part of Slovene working people, and because it deals primarily with big historic themes but ignores the everyday existential issues of most citizens. "Many of our politicians and deputies are also invalid: they have their heads raised too high even to see the base that elected them.-..Perhaps their ties are too tight for them to look down?!" joked Danilo Sipos, and at the same time stated that our workers no longer had anything to joke about.

The DSS says that a worker assesses the authorities by the piece of bread that they give him.

Currently, all of the DSS activists are volunteers. They will introduce a membership fee ranging from at least five dinars to at most 100 dinars a month. They are building on size. They already have their committees in all the larger population centers, and there is great interest in joining, not just among workers, but also among the intelligentsia. They currently have about 15,000 membership applications. They will complete their program and profile before the congress that they intend to convene in four months. The DSS headquarters is currently located in the building of the Free Trade Unions of Slovenia, which let them have one room.

They see their political place in the elections as being in the middle, between left and right. In their opinion, workers' comanagement has to be a constitutionally and legally established right. They see high employment as one of their party's fundamental program goals, and certainly the opportunity to work and a job are a condition for human dignity and the self-respect of every individual. It is not by chance that they chose a red carnation as their party symbol. They say that they are not ashamed of the red color.

CZECHOSLOVAKIA

L-610 Engine Selection Said Subject to Politics

91CH0323A Prague LETECTVI A KOZMONAUTIKA
in Czech Jan 91 pp 22-23

[Article by Norman Isler: "Choosing an Engine for the L-610 Aircraft"]

[Text] Our magazine has covered the process of selecting a foreign engine for this new Czechoslovak airliner from the start of the discussions of this serious step. The coverage has been commensurate with the scope, time, and production capabilities of LETECTVI A KOZMONAUTIKA, meaning that we have concentrated on the "critical points" of the process. In particular we would remind readers of No. 7 of last year, in which there was an article "American Engines for the L-610." This article provided not only introductory information, but also most of the text of a joint statement by negotiators for the Czechoslovak aircraft industry and business interests and the General Electric company of the United States, in particular its General Electric Aircraft Engines division. This statement included comments by the leaders of the respective delegations. Speaking for the Americans were Bruce Gordon, general director of the low power engine division, Bob Stiber, vice president and general director of the small aircraft engine operation division, and Wally Everest, director of the CT-7 turbo-prop program and marketing activities for General Electric. The Czechoslovak side was represented by former managing directors, Zdenek Horcik (of the firm Aero) and Frantisek Hava (Omnipol Foreign Trade Organization), and Stanislav Bourne, director of the Let, concern enterprise, plant at Uherske Hradiste (see LETECTVI A KOZMONAUTIKA 66/1990, No. 7, p. 251). This basic information was then developed further in an interview with an Omnipol employee, published as "A Chance for Success" in No. 10, part of which was a technical introduction to the CT-7-9B engine (see LETECTVI A KOZMONAUTIKA 66/1990, No. 10, pp. 374-375). This was followed by several smaller pieces on cooperation with this firm and an article "About A Power Plant For the L-610 Aircraft" by the former chief designer of the Kunovice plant of Let, Eng. Ladislav Smrcek, who was writing as an individual (he is retired) about whether we should choose the GE USA engine, or the one from Pratt and Whitney, Canada (see LETECTVI A KOZMONAUTIKA 66/1990, No. 24, pp. 932-933). Mainly based on the information in this article, employees of General Electric Aircraft Engines asked us to publish material expressing their viewpoint. The editorial offices made only minor modifications and added in parentheses information about engine outputs in kilowatts. We also deleted the text of a statement which we had already published. It is quite possible that the decision concerning the engine for the L-610 will have already been made by the time this issue of the magazine becomes available.

From approximately the middle of 1989 through January 1990 there was intense competition between Pratt and Whitney Canada (P&W/C) and General Electric Aircraft Engines (GEAE) to determine which company would supply the engines for the L-610 aircraft. After a full evaluation of both the technical and business aspects of the deal, GEAE was selected, and on 19 January 1990 a detailed and binding contract was signed between GEAE and senior managers of Aero, a company of the Czechoslovak aircraft industry, the Let concern enterprise (c.e.), and the Omnipol foreign trade enterprise.

Later, P&W/C offered its production PW-100 engine as the power plant for the L-610. In response, the managers of Aero, Let, and Omnipol decided to again research the engine selection. After further exhaustive evaluation of all the technical and business aspects of the deal, these managers met on 28 and 29 August 1990 and decided that:

1. There are no technical reasons to prefer the P&W/C engine.
2. There is an existing, signed contract with GEAE which resulted from a valid competitive process and must be honored.
3. The program for the L-610 powered with the CT-7 engine would continue.

The results of these discussions were communicated to representatives of the US government and GEAE.

As part of the detailed program, an agreement was reached between Let, c.e. and the firms CASA and GEAE under which the entire propulsion system of the CN-325 aircraft would be adapted for the L-610 powered by a CT-7-9 engine. Under this agreement, CASA will deliver directly to Let, c.e. composite engine cowlings and all other hardware components manufactured in Spain. GEAE signed an agreement with approximately 20 other subcontractors of components of the CN-325 propulsion system to make their hardware components available for the L-610 powered by CT-7 engines. Currently full mockups of both the engine and accessories are being delivered to Let, c.e., and complete hardware for the air trials of a prototype aircraft was ready for delivery in December 1990.

It was demonstrated, both during the original competition and during the current reevaluation, that the CT-7-9 engine is superior to the PW-100, considered as the alternative for the L-610, for the reasons outlined in the following text.

Lowest Engine Weight

The basic CT-7 engine provides weight savings of at least 58 kg per engine (116 kg per aircraft), with additional savings of 58 kg per propeller (116 kg per aircraft). This weight savings, together with the lower weight of the engine nacelles in the wing and the composite engine cowlings, and the significant savings in fuel consumption

provided by the CT-7 engine reduce the combined takeoff weight of the aircraft by 426-500 kg, depending on the aircraft configuration.

Lowest Fuel Consumption

It should also be noted that both operational data from airlines (operating SAAB 340 aircraft powered by the CT-7 engine and DHC-8-100 and EMB-120 aircraft powered by P&W/C engines) and data provided by the manufacturers demonstrate a significant advantage in the standard fuel consumption of the CT-7-9 engine in typical flight modes. Because an L-610 aircraft powered by the lighter GE engines with lower resistance nacelles needs substantially less power, the in-flight fuel consumption of the PW-1000/85 engine will probably be as much as 15 percent higher than that of the CT-7-9 engine.

Significant Range Advantage With Cargo

At a takeoff weight of 14,000 kg, the L-610 aircraft powered by a CT-7-9 engine offers 40-60 percent longer range with cargo, depending on configuration.

Minimal L-610 Airframe Redesign

The current wing structure of this aircraft is appropriate for the installation of CT-7 engines. In contrast, the engine mounts for the heavier P&W/C engines and propellers would themselves be heavier.

L-610 Aircraft Meets STOL Requirements

The Aeroflot requirement for 1,350 m balanced airport length with an 800 km range is easily met by the CT-7 engine. Both engines (i.e. from both GEAE and P&W/C) allow balanced airport lengths of 1,000 meters. However, an aircraft powered by CT-7 engines performs somewhat better under the conditions at Let, c.e. (airport elevation of 500 m above sea level and outside air temperature, international standard atmospheres (MSA), of 10 degrees Celsius). This is because of the greater power and lower weight of the CT-7, the lower resistance of the feathered propeller and engine nacelles, which result in lower aircraft stalling speed.

Easier Maintenance

The CT-7-9 was designed from the start for easy maintenance. It is modular, made up of five fully replaceable modules, which allows the exchange of the power turbines "on the wing", or the repair of hot engine parts overnight. In contrast it is necessary to disassemble the nonmodular PW engine and transport it to a repair shop when repairs are needed.

Advanced Technology

The CT-7 engine was designed and engineered in close cooperation with propeller and airframe companies as part of an advanced propulsion system. Integrating this engine with light weight, high efficiency propellers and

air conditioning equipment results in an aircraft with fuel efficiency unsurpassed anywhere in the world.

Support and Marketing Assistance

The GEAE team that markets the aircraft has no competition. The firm has agreed to help Omnipol and Let, c.e. build a strong Western distribution network, and has also agreed to provide specific additional assistance in marketing the L-610 in the West.

Material and Technical Support

GE is recognized as a leading firm in the material and technical support of its engines. Its objective is to provide its customers and engines with first class material and technical support worldwide.

In addition to the above mentioned important and impressive characteristics of the CT-7 engine, the remaining text clarifies certain other considerations.

CT-7 Engine Output

The basic output of the CT-7-9 is 1,870 shaft horsepower (1,394 kW), which matches up well with the basic maximum takeoff weight of the L-610, 14,000 kg. The same engine output, 1,870 shaft horsepower, is used in the CN-235-200 aircraft, which has just been certified by the FAA for takeoff weights of 17,500 kg.

When the engineers of Let, c.e. recently requested that the balanced airport length be shortened and aircraft power improved when climbing in the second stage of the flight path after takeoff, GE offered the CT-7-9D engine, with 1,960 shaft horsepower (1,461 kW), as an alternative power plant. This output not only provides Let, c.e. with a reserve for uncertainties or for increased aircraft weight, but also exceeds the PW-100 (85) engine output of 1,950 shaft horsepower (1,455 kW), with an automatic increase in power if one engine fails APR under the conditions at Let, c.e., namely 500 meters above sea level with an outside air temperature, MSA, of 10 degrees Celsius. During 150-hour factory tests attended by FAA personnel the CT-7-9 engine and 14RF23 propeller were operated at more than 2,100 shaft horsepower (1,566 kW). During an additional 150-hour test also attended by FAA specialists, the CT-7-9 engine, without the propeller reduction unit, achieved output of 2,450 shaft horsepower (1,827 kW). These tests provide grounds for believing that airlines operating CT-7-9 and CT-7-9D engines can anticipate long engine life and good reliability.

Engine Nacelle

The light, low resistance engine nacelle, manufactured by the firm CASA, offers Let, c.e. many advantages, including:

Significantly less resistance in-flight (higher air speed) and when operating with only one engine (lower power requirements and improved flight characteristics).

Significantly lower lateral force caused by propeller wake turbulence.

Certified design and engineering; the nacelles are currently in production.

All nacelle cowlings and hardware are available for delivery in 1990.

Finally, the current engine nacelle for the Motorlet engine has not completed the development and certification process, and would need to be modified for the PW-100/85 engine.

More on Volkswagen Investments in Country

91CH0412B Bratislava SMENA in Slovak 4 Mar 91 p 4

[Article by Tibor Bucha: "We're Off and Running!"]

[Text] Tomorrow the government of the Slovak Republic will have on its conference table a certificate from the German automobile company Volkswagen. It is high time to say a gutsy word about an analysis by consulting experts. It is certain that all of Slovakia is waiting for that. A week ago Premier Vladimir Meciar hinted right in the Bratislava Automobile Works [BAZ] that the VW would set up housekeeping there. Last year BAZ's conveyor belts disgorged about three million automobiles, every third a passenger car; a 3.6 percent increase. Just imagine that you are sitting at the steering wheel of an Audi 100 with 115 HP designed by the VW-Audi-Porsche Company. Under special conditions the vehicle uses 1.74 liter per 100 kilometers. How that would please our chief "oilman," Minister Dlouhy!

After their wedding Volkswagen promised the bride [Skoda Works] in Mlada Boleslav an annual production of 200 thousand automobiles and prepared for it. With the BAZ [Bratislava Automobile Works] it is more reserved, and for good reason. Over the past 20 years BAZ's production program had to be altered seven times. And the outcome? In Bratislava we may have a fine location, nice facilities and established annual production of 200 thousand axles for the Favorit. Records have been broken recently; now the BAZ is producing more than a thousand axles a day while eighteen months ago all it could make were 120 axles.... The workshop operates so-so, but that is practically all. There is no production program, no marketing network, no funds.

Nevertheless, it seems that the Slovak representatives did not recently visit Lower Saxony just to admire its scenery and historical landmarks. Its government holds a 20-percent share of VW stocks. According to a projection by the German automobile company, the first automobiles should be leaving BAZ as soon as by this year's end. That was the reason for Premier Meciar to celebrate with luncheon in Wolfsburg, but then he and the VW representative got so involved in a dispute that they could not get there even for the appetizers. In this case, however, their fasting paid off. They "swallowed" every point of disagreement.

And thus, recent VW plans call for BAZ to produce 350 thousand steering gears, 30 thousand service vehicles and the same number of passenger automobiles. That is for starters. By the way, the project by General Motors amounted to 570 million, while the German plan equals 930 million German marks in the first stage alone. In the beginning it will employ 500 persons more than the American company. According to the projection, the VW may employ a total of 6,000 persons in BAZ. That will make it necessary to begin within six months to plan the second stage of the BAZ-VW collaboration. The production will increase to 150-200 thousand vehicles. For comparison: In Skoda Works in Mlada Boleslav that would mean an increase from 180 to 300 thousand. Some Skoda cars may be immediately fitted with a small VW engine. The second stage in Bratislava calls for an additional three billion marks. At the same time, with the VW plan the encumbrance on the state budget will be 1.3 to 1.6 billion Czech korunas lower than the GM alternative.

However, let us not get ahead of ourselves but rather consider in this conjunction what not so long ago, toward the end of last year, the alert eye of the daily FRANKFURTER ALLGEMEINE ZEITUNG did not fail to notice. That newspaper reported that foreign investors in large projects in the CSFR would often have to decide whether they intended to strengthen or weaken the existing state configuration. Indeed, it pointed out the very fact that, due to policies of industrialization, industry without final products had been installed in Slovakia. If an investor decides on partnership with Czech manufacturers—which from the economic point of view seems to him more sensible—with no participation by Slovak suppliers and enterprises, he automatically contributes to our internal political destabilization. Moreover, in case of Volkswagen, a trap was set by the Czech parliament in the form of a claim by an association of the Sudeten German countrymen for return of their property, which immediately stirred up fears that German capital may swallow up the Skoda Works (as well as BAZ?). The idea of national quotas also played a role in considerations of the Volkswagen's chief, Carl Hahn. But no matter, he can read us quite well. From the very beginning he made no secret of his efforts to invest at the same time in the Skoda Works in Mlada Boleslav and in BAZ in Bratislava.

What will happen if Mr. Hahn's ideas and objectives—apparently—are fulfilled? It is hardly a coincidence that "during the luncheon" our Premier Meciar insisted that the cars made in Bratislava go out into the world exclusively under the VW trademark and not as VW-Skoda. Eng. Stefan Chudoba, chairman of the BAZ joint stock company, also comforted us with the assurance that thus far BAZ was manufacturing for Mlada Boleslav axles of pretty good quality and that thus far the customer was paying for them. The balance of relations in this automotive Bermuda triangle was shifted to the territorial waters of Central Europe, but the sensitive situation should not be underestimated. For that reason

Eng. Jozef Uhrík, commissioner of the Slovak Republic Government for automobile industry, emphasized:

"From the beginning we have categorically demanded that the VW-BAZ be an organization that is completely independent of any other Czechoslovak automobile manufacturers. After all, history justifies this demand. It is not a national problem, but the partnership of two companies, of two economically sovereign entities. As Premier Meciar says, the Germans themselves realized this circumstance and agreed that VW's management should deal differently with BAZ and Skoda."

Vladimir Meciar explained the matters in more specific terms: "[VW] also agreed to keep the BAZ subcontracting system independent even from that of Skoda. However, economic and marketing deputy directors of enterprises must act with greater flexibility and get immediately out in the field wherever political negotiations by our government have done the groundwork. Many economists and directors are afraid of it because they do not know how to do it."

As for the dangerous BAZ-VW-Skoda triangle, experts are not making any secrets about two actual developments that may prevent this plan. In the first place they mention the different production programs. Skoda in Mlada Boleslav is focused on the Favorit models which will be more like the popular Golf, while BAZ will manufacture steering gears and also axles and models of passenger automobiles that are not made by Skoda. The other basic specification will be the type of management in BAZ. It got the Volkswagen colors, as evident from the fact that the management of the German automobile company will be in charge of training specialists and managers. Nothing is changed by the fact that they depend on Bratislava specialists in 90 percent of that program. Engineer Uhrík revealed where suspicions similar to ours came from. After all, we are aware that the share of VW in Skoda of Mlada Boleslav is supposed to increase from the current 31 to 70 percent before 1995!

"To repress one partner to the detriment of another, that is not the style of Volkswagen and of any developed market economy in general. They have figured out long ago that it actually would only hurt themselves. Such a thing could happen only in our deformed relations where interests of a local company used to be put above interests of common economy. Finally, BAZ's concept over its entire 20 years shows how not to operate. As for the VW, no automobile company can produce such a diverse line by 'self-help' alone. After all, three million automobiles with three trademarks—Audi, Volkswagen, and Seat—cannot be made in one location. The popular Golf cars are made in Wolfsburg, the Seat enterprise is in Spain, and so on. In the same way they look at the duo in Mlada Boleslav and Bratislava."

It appears that the negotiations in Lower Saxony have produced a really rapid upturn in Baz's current marathon. If poker is played according to strict market economy regulations it does not matter if one of the

players is [Czech] Honza, another [Slovak] Jano, and the third [German] Hans. We have no funds for restoring BAZ to health; if we do not find a partner by the year's end, we just may have to close down the works. The Germans offer us their help. Contracts show that 80-90 percent of our axles made by BAZ will be exported; as for service vehicles, as many as 75 percent will go to Western markets, and it is estimated that up to 80 percent of the passenger automobiles will go to West Europe.

Vladimir Meciar appraised the situation realistically "with regard to the situation in our wallets." He said: "The agreement includes the stipulation that VW guarantee practically all marketing for BAZ. Thus, if you cannot afford to buy a Volkswagen in our country, you will have another chance—to buy it through the VW company's marketing network all over the world."

That may smack a little of black humor. But let us be glad that at least for the time being BAZ is in no danger of drowning in the vortex of the Bermuda Triangle. But let us get going because any further delay could bring an even worse bogeyman knocking at the BAZ door.

Monthly Price Indexes Discussed

91CH0323F Prague HOSPODARSKE NOVINY in Czech 31 Jan 91 p 8

[Interview with Eng. Kamil Kudlak, director of the business and price statistics division of the Federal Office of Statistics; place and date not given: "Monthly Price Indexes"]

[Text] Some of the most highly anticipated and important information concerns price fluctuations that occur during January of this year. We discussed this with Eng. Kamil Kudlak, director of the division of business and price statistics of the Federal Office of Statistics [FSU].

[HOSPODARSKE NOVINY] When will the first data on January price fluctuations be available?

[Kudlak] They will be available after 10 February. In the same time frame data will also be available concerning producer price fluctuations in the basic production sectors. Thereafter, on the 15th of each month (including February) the FSU will put out a summary publication on consumer prices and producer price increases, containing data in basic categories. On the 25th of the following month detailed publications will be available for specific price groups.

Because of the need to monitor continuously food price increases the FSU is also preparing, in ten selected (formerly regional) cities in the CSFR, to collect data on food prices at the beginning and middle of each month.

[HOSPODARSKE NOVINY] Previously, price developments were monitored quarterly. What will be new in these new statistical reports?

[Kudlak] A completely new information system on price increases has been prepared. This system takes full

account of price deregulation and the gradual privatization of the economy. Price indexes will be calculated based on prices gathered around the middle of the reporting period based on a selected set of informants and reporting units. We will gradually make a transition to decentralized data collection based on direct surveys by regional statistical offices, using personal computers to record and transmit the data on diskettes.

Increases in consumer prices and the cost of living index is being monitored this year based on a new basket of consumer goods. The selection of goods and services—representative prices—was chosen by a commission composed of experts and representatives of unions and interest groups. They came up with a total of more than 1,000 representative prices, roughly 250 of which were for foods, roughly 500 of which were for durable goods, with the remainder being for services and restaurants.

[HOSPODARSKE NOVINY] The monitoring of living costs by social groups is becoming more important....

[Kudlak] This will be expanded to include other social groups. This mainly involves calculations for the socially weaker groups, such as single parents with children, families of retirees and with low incomes, and cost of living indexes in selected cities. A price index for a basket of consumer goods representing minimum living needs will also be calculated monthly.

[HOSPODARSKE NOVINY] What about price increases in industry and agriculture?

[Kudlak] There will also be new calculations of producer prices. The selling prices for industrial goods will be determined based on some 6,000 representative items in selected enterprises. In agriculture in addition to the current system of monitoring procurement prices, we will introduce a new system of monthly monitoring for prices of selected agricultural items, just as in other sectors.

In the future we should set up a system for monitoring prices in construction, transportation, communications, and forestry. We will also begin calculating average export and import prices based on customs foreign trade statistics, which will be used to calculate exchange relations each month. This will result in a system of price indexes, deflators necessary to set up a system of national accounts that will be fully implemented in 1992.

[HOSPODARSKE NOVINY] Who else will be concerned with price statistics?

[Kudlak] Currently the entire system of price statistics is handled between the Federal Office of Statistics and the statistical offices of the Czech and Slovak Republics.

The concept of price statistics now being implemented was evaluated in detail earlier by a commission made up of representatives of pertinent sectors, research institutes, colleges, unions and interest groups. All parties interested in the results of price statistics so far have stated their trust in the price statistics reporting system

now being developed, and are not planning any additional surveys on price developments.

[HOSPODARSKE NOVINY] What problems do you anticipate in gathering data?

[Kudlak] Above all we would ask the understanding of employees in business and services, mainly managers and to an increasing extent business owners selected as sites for surveying price data. The data will be collected in a questionnaire format by employees of the statistical offices. The survey prices will be used only to objectively monitor price levels, with no intent to control any prices. These statistics can provide business with important data concerning price developments both on a national scale and in specific regions. In the future we also plan to get involved in the prediction of future prices.

Periodic Order Inventory Financing Changes

91CH0392B Prague HOSPODARSKE NOVINY
in Czech 18 Feb 91 p 1

[Article by Marcela Doleckova: "Credit Burden for Enterprises Lightened; D Day Is 1 March 1991"]

[Text] On 1 March, "Operation Periodic Order Inventories [TOZ]," which will rid the enterprise sphere of a disproportionately heavy debt burden, is supposed to be initiated. The burden fell on the shoulders of the enterprise sphere by the fact that commercial banks transferred credits granted for periodic order inventories to a commercial basis—in other words, credits having a relatively short repayment period and quite a high interest rate.

We have written much of the historical peripatetic origin of TOZ credits, particularly in connection with the fact that, beginning with this year, these highly specific credits became credits of a commercial character. This made the enterprise finances sharply worse which, among others, was reflected in an increased pace of growth pertaining to insolvency. In this regard, HOSPODARSKE NOVINY drew attention to the fact that while the state cannot write off these credits, it should create conditions for a favorable solution to the problem.

The financial council of the state has now decided to take a rapid step. The philosophy of their considerations is based on the fact that in the enterprise sphere the situation is deteriorating day by day and that there is, therefore, no time to examine cases, one enterprise after another. Given this situation, it is necessary to proceed on an across-the-board basis. Thus, "Operation TOZ" was conceived, but is, naturally, only the first phase of the actual solution.

The first phase consists of breaking out from the commercial banks the volume of credits granted for periodic order inventories, approximately 170 billion Czech korunas [Kcs] by 30 November 1990 and changing this enterprise debt into invoices and obligations payable by the state or the Ministry of Finance. The ministry will

open an account with commercial banks and invoices will be transferred to this account.

Thus, the balance sheet of commercial banks will be cleansed (incidentally: their credits for TOZ materials aroused certain consternation, even with the International Monetary Fund), but what will primarily happen is that the situation of the enterprises will be made easier: Their credit and payments burden will be lightened, something which should find positive reflection in their payments positions, should increase the chances of enterprises to make decisions regarding their own resources, and—something which is extraordinarily important—will lead to the creation of more favorable prerequisites for privatization.

“Operation TOZ” will apply both to state and cooperative enterprises, even though it will be implemented in varying degrees. With respect to the state production sphere, some 90 percent of the volume of TOZ credits will be included in the operation by 30 November 1990 (since that time, some enterprises have paid off a portion of their credits), in the case of state commercial, sales, and supply organizations, 50 percent of these credits will be included and 40 percent of credits granted to cooperative enterprises. The Ministry of Finance explains the certain amount of disadvantaging of cooperative enterprises by stating that they were never assigned any individual obligations with respect to the state budget, whereas state enterprises are well familiar with “supplemental payments”: When the budget found itself in danger of showing a negative balance, the payments to be made by enterprises to the state treasury were simply increased. Briefly stated: State enterprises were robbed more and that is why “Operation TOZ” is behaving more generously toward them.

Of course, “Operation TOZ” does not rid enterprises of their obligation to pay off credits: This obligation persists, even though it does so under milder conditions. The interest rate should obviously be only slightly higher than the discount rate (clearly between 11 to 13 percent), the repayment time should be spread over eight years. Sanctions for speculating enterprises are hard: An unpaid invoice for a given year is immediately transferred to the commercial interest rate, the enterprise will find itself under market pressure, including the possibilities of bankruptcy.

“Operation TOZ” itself is not a market operation; it is only a method for facilitating the entry into market conditions for enterprises. The second phase will be decisive for the further development of enterprises; the advent of the second phase depends on parliament—the approval of the transformation law, according to which a fund of national wealth is to be created. Invoices which came into being as a result of “Operation TOZ” would be transferred to it and the fund of national wealth would individually, that is to say, in accordance with individual privatization projects, solve obligations of the TOZ type

as a part of enterprise debt in general. (One of the variations can be that a foreign participant could “buy out” the enterprise’s debts.)

Because “Operation TOZ” will siphon off appropriate resources from the banks, corresponding to the volume of TOZ credits transformed into invoices, it will not have an inflationary impact. Financially, enterprises themselves will participate in the operation by paying off their credits (including interest) and the state will be deprived of a portion of the profits taxes paid by monetary institutions which will show a lower profit as a result of lower interest rates. The Ministry of Finance believes that part of the financial requirements should be taken over by monetary institutions, for example, by assigning more favorable interest rates to resources which they will make available to the Ministry of Finance to cover invoices. However, monetary institutions are quite reluctant: The Czech State Savings Association, which is the strongest source of resources, must naturally not endanger its coverage of costs connected with paying out interest on the deposits of the population.

The Federal Ministry of Finance is convinced that 1 December is possible as D day. Naturally, before that time, it is still necessary to overcome administrative or legal obstacles.

Reform Lagging, Says Agriculture Chairman

91CH0392D Prague ZEMEDELSKE NOVINY
in Czech 22 Feb 91 pp 1, 5

[Interview with Eng. Emil Dufala, candidate of sciences and chairman of the National Agricultural Cooperative Association, by Zdenek Makovicka; place and date not given: “The Reform Is Lagging”—first paragraph is ZEMEDELSKE NOVINY introduction]

[Text] The agricultural cooperative movement has undergone fundamental changes over the past 18 months. It not only changed its name to Agricultural Cooperative Union, but its forms of work are also different. Naturally, this process was not identical at all locations; in some cases, they are still working in the old ways, as the saying goes. However, the changes are already discernible. Representatives of the association are active participants in a number of negotiations having to do with important questions in agriculture, both at the national level and at the regional and republic levels.

We discussed topical problems of agriculture with the chairman of the National Agricultural Cooperative Association, Eng. Emil Dufala, candidate of sciences.

[Makovicka] How do you evaluate the present status?

[Dufala] It continues to be very tense. And this is so, naturally, not only from the standpoint of agricultural cooperatives, but as well as from the standpoint of other organizations in the agricultural complex and from the

standpoint of privately managing farmers. A generally known and literally critical situation in our opinion is the inconsistent and delayed application of certain principles of the reform as they were accepted. I have in mind primarily measures contained in the concretization of the reform in the agricultural-food complex, which were negotiated by the Government of the CSFR in October of last year.

[Makovicka] Could you be more specific?

[Dufala] Certainly, I shall document my words with the fund for price guarantees. As you have stated several times in your newspaper, 7.7 billion Czech korunas [Kcs] were set aside for this purpose originally for this year. In addition, a reserve of Kcs1.5 billion was stipulated. However, actual facts are different. During negotiations at the republic level, a total of only Kcs8.4 billion was distributed. Or let us take the influence of devaluation. The government promised that 14 days after changing the rate of exchange, the appropriate organization will announce the level of guaranteed prices. If this did occur following the first devaluation, it has thus far not happened following the changes at the end of last year. All of this, together with the fact that there is no concept covering the development of agriculture, causes enormous economic and other damage in agriculture.

[Makovicka] It is not enough just to criticize. What do you propose?

[Dufala] So that I shall be properly understood: We are not against price guarantees. On the contrary, we support them. Of course, it is necessary to know how to use them, how to react to the situation which has arisen. This did not happen particularly in the Czech Republic. Of course, we also think that these price guarantees will have to be expanded by the determination of volume quotas. I shall say something which is probably unpopular, something which I will not be praised for, particularly at the Ministry of Finance, but according to our calculations an increase in the volume of resources allocated to this fund should be negotiated as soon as possible. It is essential to take into account not only another rate of exchange, but also the growth of prices for material inputs caused by liberalization, as well as the effects of enormous interest rates. According to our calculations, this involves at least Kcs1 billion. We told this to the minister of finance of the CSFR; for the present, he has rejected that position. However, we do believe that this requirement is justified and that is why we shall continue to negotiate.

[Makovicka] The liberalization of prices substantially reduced the demand for a number of agricultural raw materials. What is your view as to the solution of this problem?

[Dufala] Within the framework of the markup of the law on prices, we demanded that prices be regulated and that a maximum level of the commercial span be set, particularly with respect to foodstuffs. The experiences of January confirm the justifiability of our demand. As of

February, the commercial span for consumer milk should be limited to 10 percent. However, we are striving to see to it that these limits are set also for other foodstuffs. We are brought to this point, let us say, as a result of the unclarity in the prices of products of the processing industry as a result of the opportunity to interchange with varying types of products, the lack of regulation for costs and profit, which complicates the solution. Essentially, liberalization signaled the impoverishment of agricultural enterprises, whereas commerce and processors gained on account of it. There have been a number of negotiations, but the results are not commensurate with the efforts expended because we are constantly encountering a lack of understanding and a lack of willingness on the part of our partners who behave monopolistically.

[Makovicka] Let us turn the page. Your representatives are participating in the so-called tripartite negotiations. How do you defend the interests of cooperative farmers at these negotiations?

[Dufala] First I must say that we are representing entrepreneurial circles here. This is based on the new position of the cooperative movement in our country. Members of cooperatives will be associated entrepreneurs. Naturally, we cannot sidestep the solution of social questions and wish to tie in with the good experiences of the past years. And by the way, our foreign guests value our existing solutions to social problems for our cooperatives. But let us get to the merits of the question. Correctly, it is decisive for us to assure the transformation of cooperatives to a shared ownership form. Toward this end, it is essential to adopt appropriate legislative adjustments. I note that in this regard, we are essentially in agreement with the government solution, that is to say, we urge the adoption of a law on the land and the amendment of the current law on the agricultural cooperative movement. We further base ourselves on developments in West Europe. The statutes of the so-called Eurocooperatives, with which the member organizations of COGECA (General Committee of Agricultural Cooperation in the EC) and the member organizations of the International Cooperative Association, of which we are also members, must, in our opinion, become the basis for our model. These cooperatives are established expressly on entrepreneurial foundations.

Slovak Economists Want Modification of Reform

91CH0412A Bratislava SMENA in Slovak 4 Mar 91 p 4

[Proclamation: "Position of the Independent Association of Economists of Slovakia on Radical Economic Reform and Economic Sovereignty of the Slovak Republic"]

[Text] A great experiment called the Radical Economic Reform is approaching the limit of its bearing capacity at an accelerated pace. All of the Czecho-Slovak economy is in danger of collapsing because of declining production, inflation which has disorganized our domestic market,

restrictive policies that are strangling the sources of our development, insolvency of enterprises, and an escalating foreign debt resulting in our undesirable dependence on the International Monetary Fund and the World Bank. The citizens of Czecho-Slovakia have to bring increasingly great sacrifices on the altar of the reform. The purchasing power of wages and incomes is steadily declining, savings depreciate more and more, and unemployment is growing dangerously. The pernicious economic results of the imposed reform program are proof of its incompetence. Its impact on the population reveals that its character is asocial. In spite of that, it is going on.

The reform which permits itself to experiment with economy and to pass the costs of unprofessional economic transformation on to the population is undemocratic. Such reform cannot continue beyond the limit of its bearing capacity, unless democracy is abolished. If we do not want to reach that limit, it is the highest time to subject the reform to fundamental corrections.

We emphasize again that the governmental reform program exerts an especially harsh impact on Slovak economy. The financial strain is more threatening and the growth of unemployment more rapid in Slovakia than in the Czech Republic. As compared with the Czech economy, the structural differences of the Slovak economy do not help create adequate synergetic effects for the whole, but serve for the shortsighted relative disencumbering of the Czech economy from the costs of a joint reform.

Pursuant to the constitution in force the national republics are neither authorized to make decisions about the strategy and concept of their socioeconomic development nor able to choose the mechanisms of its implementation. The economic reform is in the exclusive competence of the federation. This leaves the Slovak Republic with only two options:

- The first involves an agreement with the Czech Republic on a constitution for a common state that is based on the economic sovereignty of both nations rather than on its denial. Then the economic reform would be determined only by bilateral agreement and thus, only to the benefit of both sides.
- The other option means in fact that it is not possible to remain in a common state without repudiating our own economic sovereignty. Consequently, repudiation of a nation's natural right to determine its own economic destiny is the price to pay for the preservation of a common state, and a breakup of the common state is the price to pay for the preservation of this inalienable right.

The market economy that existed during the first Czecho-Slovak state, forced the Slovaks to emigrate overseas. The renewed postwar republic imposed upon the Slovak nation a total state economy in conformity with the concepts of one political party—a party that was rejected by Slovak voters in the free elections of 1946 by

a two-thirds majority of votes. In the same way, the return to democracy and market economy after 1989 thus far has not brought the Slovak Republic the right to choose its own economic system, to determine the objectives of its own economic development, and to select the mechanisms for their implementations. For that reason, the demand of this right is not prompted by Slovak nationalism and separatism but by Slovak experiences from the various stages in the development of the Czecho-Slovak state; in other words, it is not the economic sovereignty of the Slovak Republic but on the contrary, the disregard for it that jeopardizes the existence of our common state.

Neither is there any reason to fear that Slovak economy might not be viable in the extreme situation when it would be necessary for Slovakia to become completely independent.

Alas, we believe that every member of the Slovak Government cannot be included among the proponents of economic sovereignty of the Slovak Republic. Evidently, that is why the Slovak Government does not claim the right to codetermine the reform on principle but only individual competencies on the basis of the given reform imposed from above by the federation. Instead of projecting the specifics of the Slovak economy into the basic structure of the reform, one may hear certain members of the Slovak Government one denying the national right to determine the method of the reform, just as instead of rejecting unemployment and the decline in production, they emphasize that unemployment and such a decline are inevitable.

Therefore, the Council of the Independent Association of Economists of Slovakia (NEZES):

1. Appeals to the Slovak National Council that it declare both political and economic sovereignty of the Slovak Republic, i.e., above all, its sovereign determination of the economic reform;
2. Calls to the Czech public to support economic sovereignty of both nations in the interest of a democratic, economically efficient, and socially just common reform;
3. Will appreciate it if the Czech critics of the implemented economic reform consider the synergetic importance of the Slovak economy for all of the Czecho-Slovak economy;
4. Calls the trade unions to cooperate in protecting our citizens against the asocial impacts of the federal program for the transition to a market economy.
5. The NEZES Council is prepared to propose a comprehensive concept for a radical economic reform for the transition from a controlled economy to a socially and ecologically oriented market economy.

POLAND

Trade, Economic Treaty With U.S. Criticized

91EP0328A Warsaw WOKANDA in Polish No 6,
10 Feb 91 p 3

[Article by Krzysztof Mielnicki: "Sovereignty for Hire? Let Us Respect the United States for Its Greatness but at the Same Time Be Firm in Defending Our Cause"]

[Text] Some of the provisions of the March 1990 Treaty on Trade and Economic Relations between Poland and the United States astonished the American and West European press. For it rarely happens that a free and independent country relinquishes of its own will the blessings of sovereignty and even offers them for sale. A year ago Poland did just that.

The conclusion of the treaty with the United States was viewed as a noted accomplishment by the then government of Prime Minister Mazowiecki. That is because the treaty normalizes Polish-American relations in many aspects that are important to us. It opens the Polish market to access by foreign capital and establishes for it an extremely broad scope of investment safeguards. It presages total repatriation of profits for the overseas companies. It introduces numerous privileges about which American producers and businessmen operating in other countries can only dream.

But while the fundamental issues of access to our domestic market, investment safeguards, and repatriation of profits had long needed revision in consonance with international standards, so far as the privileges granted to the American side are concerned we have clearly outstripped the international community. It is even said that the model of relations adopted in the treaty is a dead ringer for similar treaties concluded between the United States and the countries of the Caribbean and Central American region.

A perusal of the provisions of the treaty itself does not show unequivocally that the United States attempted to place Poland in the position of a "banana republic," but nevertheless the letters addressed to the United States Department of Commerce by the Ministry of Foreign Economic Cooperation and constituting, according to the treaty, its integral part, point clearly to the extent of future dependence of the Polish economy on the United States. For, according to these additional agreements, the Polish Republic has obligated itself to, among other things, join before 1 January 1991 the Paris Act of the Bern Convention on the Protection of Literary and Artistic Works; grant by 31 December 1991 copyrights to computer programs; introduce within the same period 20-year patent protection in every domain of technology and curtail so-called forced licensing; and, further, to assure by 31 December 1992 complete patent protection of foods, medicines, and chemicals; and also to introduce on 31 December 1991 "appropriate and effective protection" of computer chips and similar protection against dishonest competition.

In the opinion of experts (including EEC experts), the obligations contracted by Poland will basically not benefit us. One can, of course, agree that they will to some extent curtail computer piracy and prevent dishonest exploitation of trademarks and adulteration of products, and thereby also bring us somewhat closer to the increasingly self-integrating Western world. It is worth knowing, however, that such far-reaching guarantees and concessions favoring the United States have not in practice been granted, so far, by any other country, including Korea, Israel, Taiwan, and Mexico, that is, countries whose relations with the United States are much closer than Poland. To be sure, hardly any country is capable of maintaining equal and completely bilaterally advantageous economic ties with such an economically strong country as the United States, but in our case the ratio of potential advantages to disadvantages ensuing from the abovementioned treaty looks particularly unfavorable, being 1:100, or even 1:200. Where then is that bilaterally advantageous partnership?

Of course, in concluding the treaty with Poland, the United States guided itself by its own well-conceived interests. That was its inviolable right and, what is more important, it succeeded in superbly taking advantage of it. After all, the treaty provides preferences for American business in the largest country of East Europe, provides protection for American technology and scientific thought, and lays the foundations for a competitive struggle not so much against the underinvested industrial and research and development potential of Poland as against the expansive influences of West European economies. But will the economic subordination of Poland reduce the multibillion [dollar] losses of American technologies owing to the theft of technologies, inventions, and intellectual property? For obvious reasons, technically backward Poland is no great threat. That has been demonstrated, for example, by the Gierek administration's unsuccessful attempt at sudden acceleration in the 1970's. That is why Poland needs today a suitably long transition period—five or even 10 years—in order to modernize its economy and adapt its scientific and technological potential to contemporary world standards. Only after that period can Poland not only assure protection for foreign inventions in science and technology but also cope with international, including American, competition. As a poor country that is reforming itself, Poland has an undeniable right to this. However, perusal of the Treaty on Economic and Trade Relations with the United States indicates that Poland does not intend to avail itself of that right. What is more, it has voluntarily consented to solutions practically leading to foreign technological domination, to making its economy dependent, to destroying its own scientific and technological base.

The not too fortunate provisions of the treaty, or more precisely of its appendices, met with an extremely lively response from many Polish constituencies. The response of the domestic pharmaceuticals industry was particularly strong, because the treaty introduces the possibility

of patenting pharmaceuticals of foreign origin in Poland, thereby making it impossible to commence the manufacture of many valuable medicinal preparations prepared in Polish laboratories, tested in clinics, and awaiting approval by the Committee for Medications. The research and developmental work on a new drug takes several years and often a dozen or more. Most of the drugs currently manufactured in Poland are counterparts of American drugs, with some of them having been developed 10-15 years ago. A very large number of drugs synthesized overseas will appear in the coming years. The scientific and technological potential of American laboratories is incomparably greater than that of Polish ones, and so are their earnings. By availing themselves of the right of priority of discovery and of the legal protection of their products in Poland, the Americans could completely control the Polish chemical and pharmaceutical industries as well as the drug market, inclusive of prices. An example of such monopolistic practices may be Argentina, where, following the introduction, owing to American pressures, of the patenting of pharmaceuticals, the prices of foreign drugs shot up to the level of five to 12 times the price of domestic drugs.

In his study, "An Opinion of the Treaty," Professor Dr. Stanislaw Soltysinski of the Adam Mickiewicz University in Poznan puts the problem as follows: "A foreign enterprise which obtains a Polish patent on an important drug may not only forbid a Polish or other entrepreneur to manufacture the same drug by some amazingly novel and cheaper process. What is more, it may not undertake the manufacture of that drug in Poland and, instead, it could only permit its import from the most expensive source under its control."

In practice this means unusually difficult access to a particularly valuable drug and its horrendous price on our domestic market. The Polish pharmaceuticals industry has never been a particularly favored economic domain. That is why concessions to foreign manufacturers without prior modernization [of domestic industry], without any attempt to prepare [domestic industry] for the competitive struggle, are the worst possible solution.

In a letter addressed to, among others, the Patents Office, the Office for Scientific and Technological Progress, the Ministries of Health, Industry, and Foreign Economic Cooperation, the Legislative Council, the speakers of the Sejm, and several senators and deputies, the Science Information Center of Polfa [Polish Pharmaceutical Plant] provides fairly extensive information on the dangers ensuing from the treaty provisions and the subsequent newly drafted guidelines of the Law on Inventions, but for the time being such objections have borne hardly any fruit.

The postulate of representatives of the domestic pharmaceuticals industry, which points out that the sole, just solution for that industry and for the State Budget is the postponement for at least five to seven years of the

introduction of an immediate legal protection of chemicals and pharmaceuticals, met with vigorous criticism from the Patents Office of the Polish Republic. The suggestions by indigenous manufacturers were characterized as "conservative and parochial claims based on views prevailing 15 to 20 years ago."

No reasonable person would, of a certainty, question the need to introduce a new universal patents law in Poland. But are the haste, on which the Patents Office insists, and a law, which ignores the interests of domestic manufacturers, particularly desirable? It is self-evident that, being desirous of joining in the process of European integration, Poland must in the not distant future sign the Convention on European Patents, for it cannot allow any mass copying of foreign achievements of science and technology, nor can it tolerate the phenomenon of economic piracy. But the point is that the introduction of complete principles for the protection of industrial, scientific, and artistic property in our country—that precisely being a provision of the treaty with the United States—cannot be done overnight. A transition period is needed. That is because at present we are as yet unable to act as a quite equal partner of the highly industrialized countries. The World Intellectual Property Organization (WIPO) envisages in such cases an adaptation period of five to 10 years, a period which moreover can be extended to even 20 years for the developing countries.

The more advanced Spain had at one time decreed for itself a six-year transition period, permitting the [patent] protection of chemicals and pharmaceuticals only after 1992. Finland intends to do so in 1995. Even earlier, such countries as Switzerland and Italy, among others, were in no hurry to make such decisions. Let us therefore respect the United States for its greatness and authority but at the same time be firm in defending our Polish cause.

Norway's Statoil Considers Gas Sales, Refining

*91P20279A Oslo ARBEIDERBLADET in Norwegian
22 Feb 91 p 10*

[Article by Per Havikbotn: "Statoil to Poland?"]

[Text] Warsaw—Statoil is considering establishing itself in Poland. According to what A-Press has learned this will occur through the purchase of gas stations. Statoil is also interested in getting in on the refinery side. Before the Gulf war broke out a Kuwaiti oil firm was very actively seeking entry to the Polish market. Poland is very interested in purchasing Norwegian gas.

Polish Minister of the Environment Maciej Nowicki tells A-Press that Poland is very interested in buying Norwegian gas which can replace the country's numerous heavily polluting coal power plants. "We hope to enter into negotiations as quickly as possible," says Nowicki.

Poland uses 150 million tons of bituminous coal and 70 million tons of brown coal per year. A good 90 percent of Polish sulfur dioxide (SO₂) emissions and approximately

75 percent of nitrogen oxide (NO_x) emissions stem from the use of coal. Approximately five percent of Norway's acid rain is carried in air currents from Poland.

Nowicki says to A-Press that Poland will pass a law in June on stabilizing CO₂ emissions at the 1989 level inside the years 2000-05.

Status of Trade With Former CEMA Partners

91EP0329A Warsaw RZECZPOSPOLITA (ECONOMY AND LAW supplement) in Polish 1 Mar 91 p III

[Article by Danuta Walewska: "How Are We Going To Trade in 1991 With the Countries of the Disintegrating CEMA? Life Without the Transferable Ruble"]

[Text] Since more or less the middle of last year, two principles [as published] were known to which our trade turnover with postcommunist countries were to be subordinated—world market prices would be paid in freely convertible currencies. However, it was known even then that in some cases this was pure theory. There was not going to be a sufficient amount of currency, and world market prices were high. Therefore, our negotiations as to the future of trade with the former first payments zone [socialist countries] lasted several months. We describe below the status of current arrangements with all of these countries and characterize our trade turnover with them in 1990.

Czechoslovakia

The 1990 trade protocol called for exchanges of 3,482 million [transferable] rubles [TR], including TR1,968 million in our exports and TR1,514 in our imports. We even managed to exceed the signed agreement by 3.1 percent, in other words, trade came to TR3,591 million rubles. We did not trade with Czechoslovakia in rubles alone; trade in hard currencies amounted to a total of \$120 million.

Czechoslovakia ranked fifth in our economic contacts with foreign countries following the FRG, the USSR, Great Britain, and Switzerland. We were the fourth largest partner of Czechoslovakia, in terms of the trade, following the USSR, the FRG, and Austria.

On 31 December 1990, we had a positive balance amounting to TR54.2 million. However, this did not include all settlements. Since the ruble ceased to exist as of the end of the year, it was necessary to clear all outstanding obligations at the same time—credits obtained, among other things, for building the Zarnowiec [nuclear] power station. Some of the credits were canceled. Therefore, we owed TR211.8 million.

On 14 December 1990, we signed an agreement with Czechoslovakia to the effect that we would offset our negative balance by delivering goods and providing services. This is a great opportunity for all enterprises which are now capable of exporting to Czechoslovakia.

However, difficulties may occur in the course of meeting these obligations. Czech and Slovak economic entities have very restricted access to hard currency funds (the banks evaluate whether imports are sound, and the banks may likewise freeze koruna-denominated accounts if they are to be used for purchasing large amounts of currency in advance of payments). General principles which apply in the Czech and Slovak foreign trade call for buying as many goods as possible on credit, even short-term credit. Enterprises must always seek credit if the cost of a transaction exceeds \$500,000.

Therefore, the announced liberalization of trade which the Prague government has not come about. The concept of establishing a customs union or a free trade zone has not been finalized yet. This will only be possible when a European economic space appears. As is known, both Poland and Czechoslovakia are involved in negotiations on the issue of association with the EEC. It is most likely that securing the status of countries associated with the community will also make our bilateral relations easier.

	Contracts for 1990	Number Fulfilled	Percent Fulfilled
Export	1,968.0	2,219.9	112.8
Import	1,514.0	1,371.7	90.6
Total trade	3,482.0	3,591.6	103.1

Hungary

The years 1981 through 1986 were the best for our mutual trade. At the time, we registered an average annual increment of mutual trade amounting to about eight percent. A short period of stagnation began after 1987, and subsequently our mutual trade began to decline. We experienced problems since we imported considerably more from Hungary than we exported to this market. In turn, Hungary sought to uphold a sacrosanct principle of balanced deliveries with regard to the CEMA countries. In conjunction with this, deliveries to Poland declined.

In 1990, we bought less from Hungary, just as from other markets. Hungarians likewise were no longer interested in deliveries from Poland. The delivery of passenger cars was the only thing for which they tried to maintain contracts. As a result of these tendencies, our trade declined last year by 36.2 percent on the export side and by 58.2 percent on the import side. A negative Polish balance of TR68 million still carries forward from last year, as well as another approximately TR50 million in sulfur credit.

However, last year was not unfavorable for us. As a result of strict compliance with the principle of balance in trade with Hungary and managing export and import licenses, we succeeded in generating a surplus of export deliveries which, in turn, offset our negative balance for 1989. We also succeeded in settling our obligations resulting from the repayment of the so-called sulfur credit (about TK50 million). As a result of these actions,

ruble obligations between Poland and Hungary were cleared. A positive balance which existed by the end of the year was used in part to cover PKP [Polish State Railroads] fees.

On 8 December, we signed an agreement by virtue of which the future of trade between our countries is in the hands of economic entities.

A recovery in foreign trade is likely to become possible after a free trade zone is formed. Our interministerial team headed by (at the time, still deputy minister) D. Ledworowski has already transmitted the draft of an agreement to Deputy Minister Bereneyi. We are now awaiting the beginning of talks at the expert level.

There should not be major difficulties with this due to similar degrees of the advancement of economic changes in our countries, if for no other reason. The only problem is the delay by Hungary of a decision on introducing the internal convertibility of the forint. However, liberalization of the access of economic entities to hard currency has been announced in this country for 1991 which will considerably facilitate free contacts with foreign countries.

Bulgaria

The best years for our trade came between 1985 and 1989. The trade turnover kept increasing, and it was completely balanced. Problems began in 1990, when a tendency to reduce imports and promote exports set in in our country, whereas the Bulgarians began to experience serious economic difficulties.

The 1990 protocol called for mutual deliveries amounting to TR711 million, including our export of TR373 million, and import of TR338 million. Different developments occurred, and our trade last year appeared as follows:

	1990 Protocol	Number Fulfilled	Percent Fulfilled
Export	373	622	167
Import	338	208	62
Total trade	711	830	117

Therefore, we finished last year with a positive ruble balance of TR440 million.

In view of their own problems with supplies, the Bulgarians bought from us items which, in turn, were not in demand in our market. Therefore, Polish producers were happy to have a place to sell their products. However, much of this export was not controlled. Also, Polish enterprises very frequently gave up previously contracted imports. Credit, especially investment credit, became expensive in Poland; therefore, it did not make sense to fulfill obligations.

Imports also became more expensive due to customs duties, the turnover tax, and saturation of the domestic

market. Due to an economic recession, the Bulgarians were likewise not in a position to offer us items of interest to Polish consumers. Interest in vacationing on the Black Sea coast also declined as a result of considerable price increases in Bulgaria. This additionally reduced the demand for leva.

Under these circumstances, the end of January of this year saw a balance of TR615 million.

The accumulated debt will most likely be offset by the Bulgarians through the delivery of goods and services at prices still in effect from last year. However, it is not quite clear what services and goods these will be. These may be tourist services, covering the cost of maintaining our missions in Bulgaria, and investment in Polish facilities in Bulgaria.

The agreement which we have with the Bulgarians is currently regarded as preliminary. It provides for the payment of the entire debt this year. However, Bulgarian economic entities are not complying with individual points of the arrangement because the exchange rate of the leva to the transferable ruble has been set at a very low level, and export to the former socialist countries on old terms is simply unprofitable. However, modifying the terms of these agreements is not reckoned with.

Romania

This is hard to believe, but for many years we were continuously in debt to the Romanians. As of 1 January 1990, our obligations to Romania amounted to TR160.8 million. In addition, we had not repaid the so-called sulfur credit (i.e., the credit secured in the former socialist countries in order to speed up and increase the mining of sulfur in Poland) which as of the beginning of last year amounted to TR100 million in the case of Romania. Therefore, we owed the Romanians a total of almost TR261 million.

However, last year saw decisive changes, and Poland turned from a debtor to a creditor of Romania. After all, there was nothing to import from that country. We did not succeed in shipping virtually anything from there, even to keep the trade balanced as of the end of the year. As a result, our trade with Romania amounted to TR491.7 last year, and was 27 percent lower compared to our trade in 1989. Polish exports, TR384.6 million, were 9.1 [percent] higher than the 1989 result. Imports from Romania came to TR107.1 million, or only 32.9 [percent] of our imports from this country in 1989.

The principle of switching to freely convertible currencies on 1 January 1991 necessitated clearing all obligations. For this very reason, we resolved to repay our sulfur investments sooner than the agreements called for.

As a result, the status of our accounts with Romania showed a positive balance of TR104.3 million in our favor.

The Romanians are undertaking to make up the [amount in] arrears from last year before the end of May of this year. This will include both deliveries which fell into this year due to slippage and those contracted this year from last year's balance. However, since 1 January neither we nor the Romanians have signed ruble-denominated contracts; only dollar-denominated contracts [have been signed]. In the case of this country, specific contracts will also be signed by economic entities. However, we may try to calculate the amount by converting our deliveries last year to world market prices and dollars.

We sold sulfur, foodstuffs, copper, and lead concentrate to Romania. All of this cost a total of about \$53 million. In turn, we bought oil coke, gasoline, and transformer oil. If we paid for all of this in hard currency, we would have to allocate about \$12 million. Therefore, our total trade amounted to about \$65 million.

USSR

There are still many unresolved issues in our economic relations with the Soviet Union. The issue of clearing mutual debts, our debt to the USSR and the Soviet debt to our country, remains one of the most significant due to the magnitude involved, if nothing else. We owe the USSR TR4.7 billion and about \$1.8 billion. The Soviet Union owes us TR6.8 billion and about \$280 million on clearing operations (this is not the final amount because some of the settlements have not been accomplished yet).

It has not been established to date how this debt will be settled. We seek to cancel the ruble-denominated debt in part, and to convert the dollar-denominated debt at a rate of at least 1:1, which has already been practiced in the case of other countries. We also believe that in the case a still unpaid quota remains it should bear interest and be used for the current purchases of goods.

Indicator lists which include many goods and services will also govern our economic turnover, along with world market prices and convertible currencies. Four and a half million tons of oil (out of which 1.5 million tons are in return for the delivery of our equipment to the oil industry) remain off the lists. Therefore, the cost of our exports to the USSR should amount to at least \$1.6 billion (out of which machines and equipment \$700 million), and the cost of our imports from the USSR—\$2.3 billion (crude oil—\$900 million).

Therefore, it would appear that basic raw materials and equipment are assured. Alas, this is not the case. We have succeeded in signing contracts for our exports worth \$1.3 billion but imports worth only \$1.4 billion. Unfortunately, there are no agreed-upon payment terms for most contracted deliveries to the USSR because Soviet importers do not have hard currency allocations. This is why enterprises from the USSR refrain from signing contracts being continuously apprehensive that it will be impossible to carry out contracts.

This state of affairs threatens Polish producers of machines and equipment, who have specialized in exports to the USSR with considerable difficulties and even insolvency. This situation was known before. The Ministry of Industry and the Ministry of Foreign Economic Cooperation had cautioned the Polish exporters about the possibility of the market collapsing. However, few of the beholden enterprises had sought other commercial partners at the time.

The fact that terms for the procurement of hard currency by Soviet enterprises remain unclear, and that barter has been made virtually impossible, calls our entire economic exchange with the Soviet Union into one big question. The only gratifying facts are that, after all, the enterprises will have to export in order to import, and that even the Soviet economy is not self-contained.

A lot depends in our trade on how relations between Poland and individual republics will develop. Two commercial agreements with the Ukraine and Belorussia have already been initialed. We are expecting other agreements. In this manner, we may succeed in transferring [to the republics] a segment of trade until now handled by the central echelon. Luckily, our enterprises are quite flexible whereas the republics need less time to make decisions on commercial contacts than when such decisions depended on the center. We are awaiting the signing of yet another treaty for commercial contacts with the Russian Federation accompanied by the indicator lists, as was the case with Belorussia and the Ukraine. However, returning to clearing settlements turned out to be very beneficial, provided that the American dollar is the applicable currency. The reason for this arrangement is as follows: The Russians have no dollars and therefore have nothing to pay us with for a possible surplus. Therefore, the volume of Polish exports will be restricted by the volume of imports from the republics.

There are few reasons for optimism. Our negotiations aimed at resolving this issue have entered their final stage, but it turns out that there is still no strictly defined division of responsibilities between the center and the republics. Our economic entities are completely independent whereas USSR economic entities depend on many echelons. In simplified terms, it is not clear whether the republics will be in a position to meet their obligations, the indicator lists and goodwill notwithstanding.

Therefore, it is unknown whether merchandise and licenses will be available, and, finally, whether the banks will be in a position to take care of all of these formalities, and whether Soviet foreign trade enterprises specializing in investment and machinery trade will be up to the challenge. Therefore, we are actually awaiting some decision on the other side of the border.

There were still several long-term agreements affecting our trade relations with the USSR which were signed with terms unfavorable for Poland. Some of them will

have to be renegotiated. Several are sort of up in the air. Deliveries of ships and natural gas are among them.

The deliveries of ships have been described many times. A contract signed in 1985 provided for mutual deliveries of ships, technical devices, deck outfits, and repairs of ships between 1986 and 1990. Deliveries to the USSR for 1990 and a later period were also planned.

The value of ships contracted for this year amounts to TR220 million, and their construction is at an advanced stage. On the other hand, if the USSR had to pay convertible currency for these ships and all equipment imported for them, this contract would simply no longer be attractive for the USSR. Therefore, the threat appeared that the Soviet ships would remain in the Polish shipyards.

However, this contract was guaranteed by the USSR government; in other words, the country is to some extent obligated to finance these imports in the year 1991 as well. Polish and Soviet delegations have discussed this topic many times, but no agreement has been reached yet.

However, the ships were placed on an indicator list which was signed on 21 December 1990. As the commercial attache of the USSR Embassy in Warsaw indicated, also in an interview for RZECZPOSPOLITA, neither the number of ships nor the value of deliveries were included there. Negotiations on this topic are to be completed at a later date. An agreement which would have filled in the December unknowns was supposed to be signed by 20 January. Unfortunately, it has been impossible to bring this about to date.

The USSR stresses at every opportunity that it is interested in these ships and that it has already planned a niche for them in its fleet. Unfortunately, financial terms—who is actually to pay for them—have not yet been determined.

This is very bad news for the Polish shipbuilding industry. However, it does not appear that the Soviet side is determined to give up all previously signed contracts.

Natural Gas

The level of gas deliveries which was entered on the indicator list amounts to 7.1 billion cubic meters, out of which 1.4 billion cubic meters is within the framework of the Yamburg Agreement, and another 1.4 billion cubic meters is for the delivery of foodstuffs.

There should be no difficulties with these amounts. Foodstuffs which we will ship to the USSR in exchange for gas will cost \$56.3 million. Therefore, a certain reserve remains, and negotiations are under way to determine what other items the USSR will be interested in so that the total cost will equal that of gas deliveries.

However, we need more gas than deliveries to date guarantee us. Polish demand amounts to 8.3 billion

cubic meters. We succeeded in negotiating the delivery of another 0.8 billion cubic meters in return for the delivery of Polish tank cars for hauling liquefied gas.

The reverse of this situation is also possible. Polish customers are reducing consumption by making savings because gas is becoming more expensive in Poland. It may suddenly turn out that we have too much gas. However, it is known that what we are due by virtue of the Yamburg Agreement and what we are to receive in exchange for the tank cars should be received. In this instance, it is extremely important for Polish negotiators [to ensure] that the gas, which may turn out to be superfluous, comes from deliveries to which additional conditions are not attached.

However, we should plan right now how much gas we will need in the years to come. There is no alternative to gas from the East for us. We can now buy oil and other energy forms elsewhere without a problem, but not gas. There is a pipeline running to our country from only this direction.

It has already been indicated repeatedly that it is necessary to sign long-term agreements which would regulate the terms on which this raw material is delivered to us.

There is still a lot of vagueness concerning the future of the so-called Yamburg Agreements by virtue of which we receive gas as partial payment. It has already been renegotiated in Warsaw, but not yet to completion.

As Minister Ledworowski stressed at a press conference, many vague points still remain which should, however, be clarified very soon. Along with most of our foreign trade, the future of the Yamburg Agreements will be up to the enterprises that can implement them, obviously, after terms are established in a reasonable and favorable manner.

As can be seen, there are still many unknowns, which is troubling, especially if we take into account the significance of the USSR as a partner for us. However, the opinion of economic experts is as follows: By June and July we should know where we stand and how new arrangements are actually working out in practice.

Mongolia

To date, commercial and economic cooperation have been based on treaties. Trade has not been great. We have usually planned for about TR20 million, but until 1989 this was consistently exceeded.

A breakdown occurred in 1990 when total trade came to only TR17.5 million due to a considerable reduction in our imports. Therefore, Mongolia was left with a debt of TR3.4 million on its current account.

As is easy to surmise, Mongolia likewise has no convertible currency, and it is determined to repay its debt by delivering goods at prices which were in effect in 1990.

There has not been a problem with contracting these deliveries, and as a result the debt should be repaid as early as this year.

However, Mongolia also is our debtor; we have given this country two government credits. They total TR19.3 million with TR0.4 million in interest, with the credits to be repaid within the contract term, that is, before the year 2000. However, Mongolia does not feel that it is up to repaying these credits. Last year, the prime minister of Mongolia appealed to our prime minister with a request to cancel this debt. We declined, but the Polish side also indicated that new conditions should be negotiated which would be acceptable to both sides. Our suggestion, to be made during bilateral negotiations, is for Mongolia to try repaying these credits by delivering goods at prices in effect between 1986 and 1990. In turn, we could apply a discount, the level of which will depend on the speed of repayment.

However, in general there are no unclear points in all trade contacts with Mongolia. Our trade, though small as usual, should develop successfully.

Cuba

This is likely to be the country with which it will be most difficult to settle all arrears. In principle, our trade contacts were based on five-year agreements. However, as early as 1986 through 1990, economic intercourse proceeded without such an agreement as a foundation because the Cuban side demanded preferences which we, for our part, were not able to guarantee.

Given the lack of a document regulating exchange, an agreement between the Ministries of Foreign Trade was used as a basis for contracts. Total trade was not large—between TR80 and TR120 million rubles.

Neither the Cubans nor we were particularly punctual. Therefore, most deliveries were made on the basis of slippage. Yet, there was more slippage on the Cuban side, so that by the end of 1989 their payments were in arrears to the tune of TR45 million.

Therefore, before we resolved to sign an agreement for 1990, we set the condition that the Cubans should reduce their debt on the current account. The Cuban side did

not accept this proposal, and trade declined still further, to more or less 25 percent of what it used to be. New export contracts were blocked, and only those delayed from last year were carried out.

We did not receive sugar from Cuba with the right to reexport it. The Cubans sold in the USSR everything that could be of interest to us. This caused their debt to both Poland and other countries of the expiring CEMA to grow.

This is how our account of conscience looks at present:

- Current account—TR60.5 million
- Government loans made in the 1970's—TR1.5 million
- Commercial credit by Polish enterprises—TR20 million
- Total trade—TR82 million

The Polish opinion is that the existing debt should be repaid through delivering goods at the prices of the years when the debt was accumulated. The Cuban side has not taken a stand on this yet, despite being urged repeatedly. We started negotiations on the topic of switching to trade in convertible currencies as early as August; however, the topic has not been raised since. The Cubans have neither proposed their terms nor accepted ours. It is also unknown whether they have any desire to engage in any further negotiations. However, judging by what we have learned, the Cubans have assigned certain rankings to their debtors based on the volume of trade and amount of debt. Perhaps, it is better for us to rank toward the very end.

It is now the task of our Ministry of Foreign Economic Cooperation to force through a date for continuing negotiations. We would like Cuba to state whether it agrees to switching to convertible currencies and how it intends to solve the problem of its debt to Poland. So far, no arrangements have been made.

Vietnam

As a rule, we imported more from Vietnam than we exported to this country. This is shown by the table below.

	1986	1987	1988	1989	1990	1986-90 Total
Export	28.4	27.0	22.6	14.7	16.7	109.4
Import	22.6	33.3	54.1	73.2	18.8	202.0
Total trade	51.0	60.3	76.7	87.9	35.5	311.4

We usually made up the difference between exports and imports from both merchandise and investment credits given to the Vietnamese.

We also had trade denominated in freely convertible currencies with this country; in 1990, it amounted to about \$1 million (export of \$0.3 million and import of \$0.7 million).

In 17 years (1973 through 1990), we gave Vietnam a total of about TR280 rubles in credit. This amount includes credits for industrial facilities (Gia Lam in the vicinity of Hanoi, a hospital in Vinh, and others), as well as credits for rubber, coffee, and tea plantations in the southern part of the country.

Our credits to Vietnam were as follows:

Extended	Used Until 31 Dec 1990	Paid Until 31 Dec 1990	To Be Paid
279.9 million rubles	127.1	44.3	82.8 (out of which 1.68 in interest)
13.8 million Swiss francs	13.8	5.4	9.2 (out of which 0.8 million in interest)

We also have a trade agreement with Vietnam, which was negotiated in 1990, calling for payments in freely convertible currencies. At the time, we also reached an agreement on the issue of paying the debt to our country. Thus, the Polish debt will be subtracted from the Vietnamese debt, or TR82.8 million minus TR62 million. However, this arrangement is more difficult for the Vietnamese to implement because it forces a more rapid repayment of the debt. The last installment falls due in 2003.

However, during the negotiations in question the Polish proposals on a discount of two percent on the amount of debt, or about TR3 million, and on repaying the rest in goods during 1990, was resolutely rejected. The Vietnamese demanded that their debt be canceled in its entirety.

Under the circumstances, further negotiations began, and it was agreed that:

- The difference of TR20.8 million will be divided into several installments: the first, TR5 million, for which we will receive the deliveries of three goods—3,000 tons of rubber, 600 tons of tea, and 500 tons of coffee; all of the above between 1991 and 1995.
- What remains, or TR15.8 million, will be regarded as compensation for speeding up payments and for production difficulties caused by the incomplete implementation of Polish deliveries within the framework of the plantation credits.

This proposition is actually [a case of] meeting halfway. We charged a discount of about six percent due to accelerated payments. If this rate of discount is compared to the interest rate on international deposits and credits and the high interest rate in our country, it appears justified.

The above arrangement is not final; there are still no government decisions on implementing it. However, it is expected that a respective protocol and a trade agreement will be signed soon.

The issue of repaying the debt in Swiss francs remains. This credit was extended to the People's Republic of Vietnam in 1987 for transporting Vietnamese goods by Polish ships. The Vietnamese have requested a prolongation of repayment by three to four years. So far, the government has not yet agreed to make this decision.

Despite the fact that Vietnam is as remote a partner as Cuba the future of our trade appears altogether realistic. We will continue to import more than we export. It is also possible to use barter agreements. Vietnam would be interested in buying machines and equipment, as well as spare parts for the previously purchased Polish machinery. The Vietnamese are also planning small purchases for cash; they will include sulfur, medicine (mainly antibiotics), and caustic soda. Our imports include mainly garments, protective clothing, and heavy-duty mittens.

Status of Balances in Liquidation Accounts as of 15 February 1991

Country	Balance of Current Payments Made in Jan and Feb 1991 by the Bank of Commerce—Warsaw Ltd. (as of 15 Feb 1991)	Total Balance of Liquidation Accounts as of 15 Feb 1991
Bulgaria	4.0	612.6
Czechoslovakia	211.8*	- 157.6*
Former GDR	30.5	- 832.6
Romania	9.4	120.6
Hungary	- 48.5**	- 10.5**
USSR	858.2	7,596.5

*of which the repayment of the sulfur credit is TR188 million

**of which the repayment of the sulfur credit is TR47.8 million

After the subtraction of the above repayments of sulfur credits, the balances of the liquidation accounts of the two countries amount to:

Country	Balance of Current Payments Made in Jan and Feb 1991 by the Bank of Commerce—Warsaw Ltd. (as of 15 Feb 1991)	Total Balance of Liquidation Accounts as of 15 Feb 1991
Czechoslovakia	- 23.8	30.4
Hungary	- 0.7	37.3

Different Joint-Stock Company Categories Noted

91EP0332A Warsaw RZECZPOSPOLITA (ECONOMY AND LAW supplement) in Polish 14 Feb 91 p IV

[Article by Agnieszka Winiarska: "There Are Companies and There Are Companies"]

[Text] Many of our readers indicate that they still have trouble distinguishing among elementary categories of companies. Accordingly, Attorney Agnieszka Winiarska is making another attempt below to throw light on this issue.

* * *

At present the Polish legal system provides for four types of companies: the civil law company, the partnership, the limited liability company, and the corporation. They can be classified according to varied criteria and, obviously, each has specific features distinguishing it from the other three. At the same time there also are two principal determinants of the nature of these companies: one is whether it is a commercial law company and the other is whether it is a legal entity.

In the Commercial Registry

Aside from the civil law company, which is governed by the Civil Law Code (Articles 869-875), the three other types of companies are commercial law companies and are governed by the Commercial Code. All commercial law companies are subject to recording in the Commercial Registry, as are amendments to their founding charters. Also subject to depositing with the Registry are copies of yearly financial statements and inventories. The Registry is public and open for inspection by not just a shareowner but anyone who desires information on the companies recorded in it (with the exception of restrictions on access to the financial statements of partnerships). The Registry Court is empowered to impose fines in order to enforce mandatory recording of companies in the Registry and, in the event that the enforcement proves ineffective, to record a company *ex officio* anyhow. The rigorous enforcement provisions are intended to protect third parties which derive their basic knowledge about an eventual trade partner precisely from the entries in the Registry. The provisions of the

Commercial Code governing the appellation of a company apply only to commercial law companies. A company's name, being a *sui generis* right belonging to the company, benefits from legal protection preventing its lawless exploitation and, for example, fraudulent use by dishonest competitors in the case of renowned companies. Only a commercial law company can employ a proxy or signing clerk, authorized to handle all judicial and extrajudicial activities on behalf of the company, and also figure in the Commercial Registry. Lastly, the regulations governing bankruptcy and composition agreement proceedings apply only to commercial law companies, whereas civil law companies are governed by separate regulations on the procedure for distributing the assets of a disbanded company.

Legal Entity

As for distinguishing among the companies according to the second of the criteria named, namely, possession of the status of legal entity, the differences among the remaining categories seem even sharper. Only limited liability companies and corporations can be legal entities, while the other, opposing group thus consists civil law companies and of partnerships, although, to be sure, the nature of the latter clearly includes certain elements of legal entity ensuing from the language of Article 81 of the Commercial Code: "A partnership may acquire rights and contract obligations, sue and be sued." The basic consequences of this differentiation concern property relations. In civil law companies and in partnerships, while the term "company assets" is employed, and such separate assets do exist, under the Civil Code (but not in the economic sense) the owner of these assets is not the company but all the partners as co-owners, jointly and indivisibly. So long as the company continues to operate, they may not demand a distribution of assets—by contrast with ordinary co-ownership, defined in fractional parts. The lack of a legally separate status for partnership assets entails fundamental consequences as to material responsibility for the company's obligations; creditors may seek satisfaction for their claims both from company assets and from the assets of discrete partners. In contrast, two distinct kinds of assets exist with regard to limited liability companies and corporations, which are "endowed" with the status of legal entities: assets of the company and personal assets of the partners. The partners are not personally responsible for the obligations of the company, with the exception of partners who are at the same time members of the governing board of a limited liability; they are held responsible under the provisions of Article 298 of the Commercial Code. For partners in these latter two kinds of companies, financial risk is confined to the value of the capital they invested in the shares or stock of the company, and they need not fear confiscation of their cars, real estate, jewelry, etc., through executive proceedings.

Who Is a Party?

A practical consequence of the status of legal entity is that individuals can engage in economic activity without having to attend to any additional formalities. Economic entities that lack the status of legal entity (partnerships and partners in a civil law company) must be entered in records as engaging in economic activity.

In judicial trials the parties to the proceedings without reservation may be corporations and limited liability companies, whereas even a partnership (let alone a civil law company) in principle is not considered a party to the proceedings, even if it bears a distinctive name of its own, so that discrete partners may be summoned individually by the court. In this connection, even the dissolution of such a company does not necessitate quashing the proceedings owing to the absence of the party in litigation; former partners of a no longer existing company remain in the courtroom.

In addition to these fundamental differences linked to the possession or lack of legal entity, the civil law company and the partnership, on the one hand, and the limited liability company and the corporation on the other, are distinguished by other features as well.

Capitalized Company vs. Personally Managed Company

The limited liability company and the corporation are typical capitalized companies for which a necessary condition of existence is ownership of assets (fixed by the Commercial Code at 10 and 250 million zlotys [per share], respectively). In contrast, the establishment of a civil law company or a partnership does not require contributing any capital; through the efforts of its partners a civil law company aspires "to accomplish a common economic objective by operating in a designated manner, in particular through the contributions of capital." Similarly, a partnership which "operates in behalf of all the partners an income-producing enterprise," need not base its operations on accumulated assets. In such companies the principal factor is "the human element," that is, cooperation between or among particular individuals who entered into a joint partnership in order to utilize their personal potential and abilities.

This opposition between the capitalized company and the personally managed company is also reflected in the extent to which the rights ensuing from company relationship can be freely utilized. A partner in a civil law company or in a partnership may not transfer his place in the company to another person by transferring his rights as a partner against the will of the other partners; there is no such institution as "selling one's share in the partnership." At most, the partner may resign from the company upon making a formal renunciation. In contrast, in limited liability companies and corporations shares or stock can be freely disposed of, subject only to restrictions of the Commercial Code or of an agreement. In that case, by selling his partnership share or stock, the

partner transfers his rights in the company to the purchaser, who now becomes the new partner.

The ownership of a share in the partnership or of stock as a financial reflection of the partner's (stockholder's) commitment to the company as a rule also determines the scope of the owner's participation in the profits. Normally the dividend paid is in direct proportion to the value of the part of the company's capital as represented by the share or stock held by the owner. In contrast, in personally managed companies, where the value of capital is secondary, profits are equally divided under the Civil Law Code.

Other Differences

In personally managed companies, in view of the presupposed personal participation of partners in achieving agreed-upon objectives, each partner is authorized to manage the affairs of the company and to represent it outside (unless the partnership agreement specifies exceptions to this rule). In capitalized companies partners who are not members of the governing board or council cannot exert any direct influence on the management of the company, and rather exercise the role of the rank and file.

And, lastly, mention could also be made of a formal difference, the chartering procedure, which differs for different types of companies. For civil law companies and for partnerships a written form suffices, and is required solely for purposes of evidence, whereas for corporations and limited liability companies the charter must be notarized, this being dictated by the need to monitor such companies, which, as a rule and of course, manage greater material assets.

Agriculture Bank To Be Established

91EP0332C Warsaw RZECZPOSPOLITA
(ECONOMY AND LAW supplement) in Polish
13 Feb 91 p II

[Article by Stanisław T. Kwiatkowski: "Peasant Bank To Be Established"]

[Text] The countryside is of interest to bankers not just since yesterday, although with differing effects. After years of domination by cooperative banks, which were moreover associated under the aegis of the Food Industry Bank, we now have the Bank for Agricultural Development, Inc., in Poznan, which recently opened a branch office in Bydgoszcz. In addition, since the last few months there has been operating the Eastern Sugar Industry Bank, Inc., in Lublin, whose natural raw material base is, after all, agriculture.

At present work is under way to organize the Wielkopolska Bank of Agriculture in Bydgoszcz—"Wielkopolska" [Great Poland] because it is to emulate the banking activities of Father Piotr Wawrzyniak precisely in that region, when it had been under Prussian

rule (a reminder offered not so long ago by the well-known television series "The Longest War of Modern Europe," and "Agriculture" because its stockholders are to be, for the most part, the farmers themselves—and throughout Poland at that. It will thus be the country's first private peasant bank.

In addition to providing normal customer services, it is to engage in economic activity by, among other things, handling the procurements and processing of farm products and acting as a supplier of equipment, building materials, etc., to the countryside.

The initiators of the founding of this bank were: Pastoral Services to Farmers, the Polish Peasant Party, and Rural Solidarity. The information leaflet distributed to farmers includes an appeal of the Primate of Poland to pastors, asking them to support this banking initiative.

Its beginning dates back to June 1990, although its idea had first been discussed as early as in 1981. Last year, too, the Society for Supporting and Sponsoring the Establishment of the Wielkopolska Bank of Agriculture was established, headed by the peasant activist Witold Hatka. Its patron on behalf of the primate is Father Adolf Swieciochowski.

The organizational assumptions and draft bank documents prepared so far indicate that the new institution is being capitalized on the basis of share certificates amounting to 2.2 million zlotys [each]. Local governments and cooperative banks are being invited to purchase shares.

So far about 10 billion zlotys have been accumulated, but the organizers aim at obtaining at least 20 billion in founding capital. There is not much time left, though, since the bank is scheduled to begin operating this coming spring.

What can the farmers who buy shares in the bank—they can pay for it in two equal installments, one-half now and the other half after the harvest—expect in return? The bank has declared its intent to assist in the purchase and the sale of land, to provide expert advice on production, livestock raising, and crop cultivation, as well as to provide financial support for the startup of new facilities for the processing and storage of meat, grain, dairy, fruit, and vegetable products. The bank will also direct the organization of a network of trade and services, assist in purchases of machinery and equipment, and facilitate the sale of farm products domestically and abroad. Above all, however, it will provide favorable loans at the minimum interest rate.

In addition to the flagship in Bydgoszcz it is anticipated that about 120 branches of the bank will be established throughout this country in the future.

All details on the Wielkopolska Bank of Agriculture can be obtained at the Bydgoszcz office of the Polish Peasant Party, telephone 22-32-71, and soon probably as well at the voivodship administration, to which the offices of

the Society for Supporting and Sponsoring the Establishment of the Wielkopolska Bank of Agriculture are being transferred.

Adaptation of Banks to Market Economy

91EP0332B Warsaw RZECZPOSPOLITA (ECONOMY AND LAW supplement) in Polish 15 Feb 91 p II

[Article by Antoni Kowalik: "Changes in the Banking System: Autonomy and Risk Taking"]

[Text] To be sure, the number of private banks with or without participation of foreign capital is rising, but the supply of banking services is changing slowly. This is demonstrated by the fact alone that a majority of loans is still granted by the state sector. State banks grant 80 percent of the loans requested by, e.g., enterprises. Thus, the banking network must undergo restructuring; this is becoming at present a primary task of the banking reform commenced two years ago.

The rapidity with which the banking system will adapt itself to the market economy hinges on many factors. Restructuring is becoming a difficult task although, as declared on 14 February at a press conference at the National Bank of Poland [NBP], here nothing new need be devised. The direction of the changes is indicated by the banking systems of the developed countries. The main problem is money, and our banks remain simply weak economically.

For this reason the entire process of recovery will have to occur in stages. First, state banks will be transformed into companies managed by single individuals and owned by the State Treasury, and at the same time their operations will be checked by auditing firms in order that they may commence "reaching normal operations," that is, guide themselves in their everyday activities by the accepted worldwide norms and principles. To some of their customers this may simply mean refusal for credit if the banks find their creditworthiness doubtful.

These reforms also necessitate introducing new regulations which would solve, e.g., the question of supervision of the banking system. This is important to all depositors, because they want to know the extent to which their deposits are secure. The times when this was guaranteed by the State Treasury are over. The security of savings must ensue from institutional solutions.

This also applies to the role and objectives of the NBP as the country's central bank. Well, as a result of these reforms, as Director Ryszard Kowalski put it at a press conference, the NBP is ceasing to be the father and mother of individual banks. This means that it cannot henceforth be blamed for every sin of the banking system as a whole. As the central bank, it must accomplish two principal purposes: care for the national currency and promote the country's economic growth provided that this does not conflict with protecting the currency. As a consequence, the [stability of the] zloty is becoming a cardinal goal.

When asked whether the NBP has imposed credit limitations which must be obeyed by all banks, Director Kowalski answered negatively. [He said] the scope of credit operations is determined by individual banks on their own, depending on their actual financial situation.

Dangers of Excess Wage Tax Discussed

91EP0331A Warsaw RZECZPOSPOLITA (ECONOMY AND LAW supplement) in Polish 15 Feb 91 p III

[Article by Aleksander Jedraszczyk, lecturer in the Economics Department at Catholic University of Lublin: "Unless Incomes Increase, We Cannot Have a Nation of Proprietors: A System Without the Excess Wage Tax"]

[Text] Yielding to the recommendations of the IMF and [Deputy] Prime Minister L. Balcerowicz, the parliament and subsequently the president have retained the administrative-legal wage controls. Facing the prospect of a decline in real wages, enterprises and trade unions have as expected protested this decision. However, the government argues that a major change in its policy on wage controls threatens a rise in the already high [rate of] inflation.

This last argument of the government, dubious as it may be, has prompted the trade union leaderships to limit their current demands to various postulates for alleviating the excess wage tax. The mistake of the trade unions consists in that they limited their discussion to the assumptions of the government program, assumptions that do not allow for a positive solution of the resulting conflict. Either the excess wage tax is retained intact, with all the attendant negative consequences, or a different approach has to be adopted. This [is] exactly why I wish to discuss a different approach.

Both last year and this year concepts of transforming the economy without resorting to wage controls and a decline in real income have been entertained. Actually, from the standpoint of these concepts wage controls are viewed as a factor impeding the accomplishment of such objectives as proprietization, privatization, stability, and a market economy.

These concepts proceed from, among other things, the assumption that the division of income between profits and wages is a microeconomic issue to be resolved as a natural dispute between employees and enterprises. Regardless of whether it is state or private, an enterprise which pays higher wages than its financial situation permits is bound to go under and be taken over by more responsible owners.

Any form of wage controls by the government results in politicizing wage categories and transfers intraproduction disputes to the social arena. Instead, the government should at most only oversee the microeconomically natural wage disputes from the standpoint of adherence of the disputing parties to the rules of the game. In no case should the government be a party to these disputes,

but in reality this is unfortunately what is happening because of the wage controls.

At enterprises which are marketing their products and meeting the competition, wages could and even should increase. Such enterprises could hire in a free labor market the employees of other enterprises which cannot meet the competition. After all, the power of the free market consists in that it is based on positive stimuli. Yet the government through its regulations prevents the employees of successful enterprises from sharing in any of their profits and threatens unsuccessful enterprises with at most only bankruptcy. The market is by nature two-sided, whereas the government of Prime Minister L. Balcerowicz is one-sided, with that single side being purely negative at that.

This does not mean, of course, that consumption will grow in direct proportion to the increase in incomes from wages. Rising incomes should be diverted into savings and capitalization and in this way, through an increase in investments and supply, contribute to another round of increase in incomes. As for savings, before they stimulate the growth of manufacturing, services, and commerce, and before they are used to purchase state assets or stocks or spent on establishing small businesses, they will be deposited in privately owned insured savings accounts or kept in long-term certificates of deposit in banks. The growth of savings will also result in lowering the loan interest rate, currently so high as to be murderous to the growth of production. The capitalization of incomes and increase in supply is here the principal anti-inflationary factor.

Hence, also, everything should be done in order to promote interest in savings and in order that the rising wages—wherever they can be raised—restore motivation for work. Otherwise stagnation threatens. These trends should be fostered by, among other things, a system of taxation providing for exemptions from personal and enterprise income taxes in cases of investment and capital outlays. However, those who spend their growing incomes on fancy passenger cars and consumerist-style imports will have to pay high taxes.

To put it simply, the government should promote the motto, "Get rich! Own the biggest bank accounts and capital shares! But consume modestly and sensibly!" Accordingly, it should attend to selling rapidly its productive assets, restructure its tax system, and cut taxes on the manufacturing sector. Unless incomes from work increase, this nation cannot become a nation of proprietors.

High officials (L. Balcerowicz, R. Pazura) argue in RZECZPOSPOLITA articles that state enterprises are maximizing wages but not profits. This is of course a suspect claim. Even such fragile outfits as state enterprises do not, on the whole, act irrationally, although, of course, it also is possible to encounter some which follow the principle *apres moi la deluge*. That is why the

government should employ selective instruments for disciplining its still huge dominion of state enterprises.

I include among such instruments drastic antimonopoly measures, particularly in heavy industry, which still finds it too easy to raise prices and hence, also, wages. More than one of such mastodons should be deprived of the right to raise the prices of their products. If many of them must continue to exist, it would be more sensible for the state to impose on them price controls rather than wage controls, even though neither kind of control has anything in common with the market economy. Anyway, what is there in common between these creations of social realism and the creations of the market economy?

Certain state enterprises which raise wages beyond their financial possibilities and social common sense and waste the funds received for their modernization should be rapidly brought to heel by their owner, that is, by the State Treasury. The management of such enterprises should be brought under control by converting them to State Treasury companies; wage controls at these enterprises should be restored under the threat of sanctions, etc. And as for those state enterprises which are in debt to suppliers and the State Budget because they went on a price-related rampage, these should be spectacularly placed in receivership. This would be proof to other enterprises that economic freedom entails even greater responsibility. Employees and trade unionists also will finally understand that pressuring a company to pay its employees high wages which it cannot afford incurs a real danger that they would be assigned to public work projects.

In this connection, I am also resolutely opposed to the idea, recently often articulated in the Press, that wages in this country should be negotiated by social contracts as in the case of the Austrian commission on prices and incomes. After all, this is the same thing as the wage controls that used to be imposed by the former State Economic Planning Commission, and it hardly differs from the current, unpopular excess wage tax. "In sum, this is a revolution so that everything would remain as of yore," to quote the eponymous hero of T. di Lampedusa's "The Leopard."

A major issue that must be resolved along with wage decontrols is, in my opinion, the need for a more restrictive credit and taxation policy toward state enterprises. There is no doubt, according to M. Dabrowski's article in 4 February RZECZPOSPOLITA, a view which I share, that it is precisely the banks and the State Budget which were responsible during the second half of 1990 for the excessive growth in the liquidity of state enterprises and their ability to spend excessive amounts of funds on wages without streamlining their own performance.

The absence of a restrictive credit policy of the banks toward state enterprises and the toleration of mutual indebtedness by these entities is the principal cause of the scarcity of bankruptcies in that sector, unlike in the private sector, and of the abuses of wage freedoms by many of them. It is precisely in this respect that state enterprises are most wasteful and vulnerable. When threatened by bankruptcy, they solicit credit even if it comes at a ruinously high interest rate; they do not care. They contract debts beyond any sensible limit of financial equilibrium in order to survive and not change their nature.

Western and government advisors are unaware of this situation, and it has not been described in textbooks on monetarist theories. Such enterprises are bound to fail, and this is in no way related to the presence or absence of the excess wage tax. Any enterprise which absorbs more funding than it derives from its customers has no right to exist any longer. Yet it does exist, because the government lacks the courage to excise this cancerous spot. And the consequences of its existence must be paid by everyone.

The government and its advisors are prevented by the blinders of their program from seeing both the economic facts and the possibilities for other approaches. The excess wage tax is senseless economically and dangerous socially. It is causing pauperization and impeding material restructuring and ownership transformations. This road leads nowhere and must be abandoned.

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