

are therefore more disposed to an economic order based on Christian principles.

### Czechoslovakia's current crisis

The situation in Czechoslovakia is critical. According to estimates, overall production fell 25% in the year between March 1990 and March 1991. In construction, the decline was 43.9%. Consumer prices rose about 63% and prices to industrial manufacturers more than 71%. The average real income collapsed about 35%. This reversal corresponds to about double the decline of Czechoslovakia's industrial production in the four years after 1929—the onset of the last Great Depression.

In Slovakia, things are even worse. This is where heavy machinery construction and the arms industry are concentrated, as well as the big metalworking and chemical complexes. Unemployment has climbed sharply. The monetarist finance minister Vaclav Klaus is therefore even more disliked in Slovakia than in the Bohemian and Moravian parts of the country.

### Political clashes

On June 17, in the Moravian city of Kromeziz under the chairmanship of President Vaclav Havel, the fifth negotiating session opened between the Czech and Slovak republics concerning the future constitutional shape of the state. Prime Minister Carnogursky argued for a state treaty between the two republics guaranteed by international law, in which the sovereignty of Slovakia would be established, and as an autonomous state it could then delegate powers to the federal regime in Prague, such as foreign and defense policies.

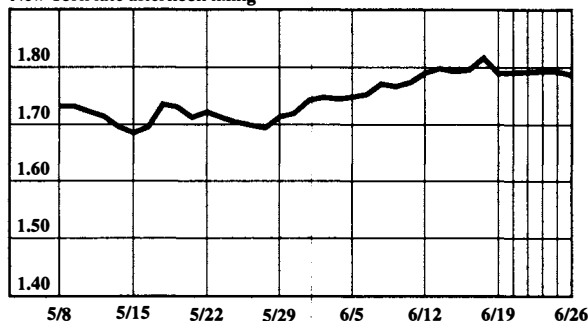
Finance Minister Klaus, who has been for some months also the chairman of the small Democratic Citizens Party, put out an ultimatum-like declaration before the negotiations started, rejecting all the Slovakian proposals. It is to be hoped that the personal relations between Havel and Carnogursky, from their days as political prisoners under the communist regime, may help to overcome the difficulties which are making deep divisions in the country, especially because of this kind of provocative behavior.

The dyed-in-the-wool "Anglo-Americans" among Czech politicians, like Vaclav Klaus, will find it more difficult in the future, if their "leading lights" continue to behave rudely by European standards. When U.S. Vice President Dan Quayle recently met with the elites of the Eastern European countries in Bardejov, Czechoslovakia, not only did the behavior of the American security forces shock the central and eastern Europeans, who could not help but compare their arrogance to memories of the Russian occupation; but the cost of the American visit was so high—and the Quayle entourage's actions so downright "imperial"—that the politicians whose populations are supposed to swallow the ordered drastic austerity measures, were quietly tallying things up and thinking about the Yalta sellout.

## Currency Rates

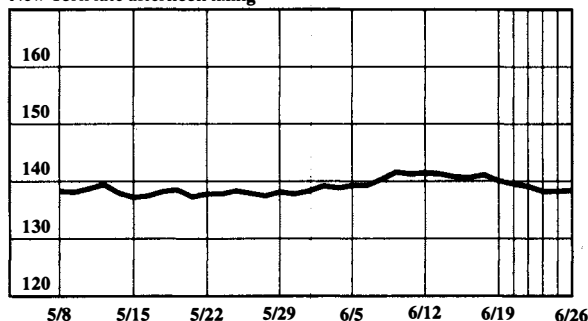
### The dollar in deutschemarks

New York late afternoon fixing



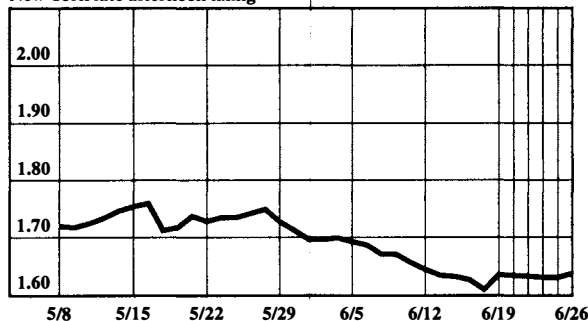
### The dollar in yen

New York late afternoon fixing



### The British pound in dollars

New York late afternoon fixing



### The dollar in Swiss francs

New York late afternoon fixing

