

TRUE BLUE ON THE DANUBE

When announcing her acceptance of the invitation to visit Budapest the Prime Minister stressed the need to avoid dangerous misunderstandings by pursuing a "sensible dialogue" with the Soviet Union and Eastern Europe. However, there is little to be gained at present from discussions in the USSR while Mr Andropov is not at home to foreign delegations and his colleagues stand pat in their hostility to the West. Nor is this the time to visit the repressive General Jaruzelski in Poland, or to talk to the regimes in Bulgaria, Czechoslovakia and East Germany, which merely echo the latest Soviet foreign policy line. The Romanian leadership is flexible abroad, but grimly intolerant at home.

Hungary is therefore the natural choice for Mrs Thatcher's first visit to Eastern Europe as Prime Minister. The Foreign Secretary, Sir Geoffrey Howe, was in Budapest last September; diplomatic relations are relatively good and trading links are well established. But if one of the purposes of the trip is to encourage the other Comecon countries to be more independent, it is unlikely to be successful; the Hungarian experiment is not transferable. Hungary has gained an image of being more liberal and more prosperous than Moscow's other partners - a reputation based on its freer media, easier foreign travel, better stocked shops and occasional traffic jams in Budapest. Most subjects are publicly discussed. Recent broadcasts ranged from child deaths from glue-sniffing to a recommendation that George Orwell's *Nineteen Eighty Four* be published. Some articles have even openly criticized censorship

and commented on the limited nature of Hungarian democracy. But power stays concentrated in the hands of a small political élite, while domestic and foreign policy is subservient to Moscow.

The Hungarian leader, Mr Janos Kadar, has skilfully stayed in power since the suppression of the 1956 rising. He offered intellectuals a limited right to criticize, workers a steady rise in living standards and peasants enough flexibility to allow them to match industrial earnings. By allowing the secondary economy to develop he ensured that the public would enjoy a higher level of services than in other socialist states. Yet there has been considerable grumbling at the inequalities in Hungarian society.

Government spokesmen admit that raising welfare benefits will not compensate the poorest sector of society for the latest price increases; the cost of some basic foodstuffs has gone up 20 per cent and other items as much as 30 per cent. In 1980 some free-thinking intellectuals established the unofficial Foundation for the Assistance of the Poor. The authorities, insulted by this affront to their welfare state, subjected the group to repeated harassment and last December one of the founders, the dissident publisher Gabor Demszky went on trial accused of assaulting two policemen. In fact he had spent four days in hospital after being beaten by the police who were removing private letters from his car. Because of widespread protests at home and abroad he received a less harsh suspended sentence. Such incidents appear to be part of the Andropov campaign to impose greater discipline and crush

dissent throughout the Soviet block.

Managerial inefficiency exacerbated by political interference has reduced economic growth to about one per cent; the 1983 drought caused a fall in agricultural production, adding to difficulties in servicing hard currency debts. Further tinkering with the New Economic Mechanism is likely, with reforms of the reforms. The government has only partly succeeded in checking the system of back-scratching and trading favours which reduces fair competition between enterprises. Individual initiative is being encouraged, but the intention is to stimulate private enterprise in using the state-owned means of production, not to extend private ownership.

The Hungarians appear to have better relations with the West than with their socialist neighbour Romania, because of the dispute over Transylvania and the Hungarian minority in Romania. Participation in the IMF and World Bank is vital for Hungary, and it is discussing a trade agreement with the EEC. Leading Hungarian officials have recently visited Washington and other Western capitals; the US Vice-President, George Bush, went to Budapest last year, and this year the Hungarians are entertaining not only Mrs Thatcher, but also the West German Chancellor and Italian Prime Minister. However, these contacts were doubtless approved by President Andropov when Mr Kadar was in Moscow last July. Hungary is indeed different, but only while it suits the USSR. Hungary's seemingly independent policies at home and abroad could cease tomorrow at a frown from the Kremlin.

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