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BRITISH EMBASSY
BUDAPEST

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FCO

My dear Christopher,

DR JÁNOS BERECZ

I finally secured my first call on Dr Berecz, Head of the Foreign Affairs Committee of the HSWP, on Wednesday, 4 June. I enclose a summary of our discussion, based on my memory as it was not feasible to take notes; I have nevertheless made it fairly full because although Dr Berecz said nothing particularly new, his general style and approach are an interesting contrast to those of Mr Puja.

2. It was, I thought, of interest that Berecz asked me to bring my own interpreter (this gave Joe Molnár his first glimpse of the interior of Party Headquarters in his 35 years' work for the Embassy!) and that there was nobody else present on the Hungarian side, although I am sure our discussion was efficiently monitored. Berecz certainly creates an atmosphere of easy informality and his office was more like that of a Harvard Professor than of a Communist apparatchik.

3. On substance, the remarks summarised in paragraph 3 of my note are very much in line with what Gordon Barrass of the Planning Staff was told in more specific terms during his recent visit here: the first half of the next Five Year plan's span is clearly regarded by Hungarians at all levels as a critical period, not only from the economic point of view but also because of the political implications of failure. On US policies, Berecz was not so much bitter as despairing. The episode recounted

in paragraph 8 of the note is of professional, as well as political, interest; I think Berecz's account is likely to be fairly accurate - as you know Phil Kaiser subsequently tried to persuade the Hungarians to make the Szent Mátyás Church (the equivalent of Westminster Abbey), available for a Service of prayer for the American hostages in Tehran, and was very angry and upset when, inevitably, they declined to do so. Berecz's account of international developments in the 1970s was, as you see, not unsophisticated but almost wholly one-sided; he nevertheless reacted quite amiably when I attempted to fill in the other side of the picture.

4. Berecz will, of course, participate in some aspect of the Secretary of State's programme when Lord Carrington comes here in October; and if Julian Bullard comes here before then, I hope very much that Berecz will be able to see him. Assuming that Berecz still holds the same post during 1981, I think it will be well worth inviting him to the UK under some umbrella or other: if you agree, can you let me have some suggestions as to how this might best be arranged, i e would he be eligible as an ordinary Category I or II visitor, or might there be political objections to this?

Yours ever,

Bryan.

Bryan Cartledge

cc G S Barrass Esq
Planning Staff, FCO

Chancery
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NOTE OF A CONVERSATION BETWEEN THE BRITISH AMBASSADOR IN BUDAPEST AND THE HEAD OF THE FOREIGN AFFAIRS COMMITTEE OF THE HUNGARIAN SOCIALIST WORKERS PARTY, DR JÁNOS BERECZ, ON WEDNESDAY, 4 JUNE 1980, AT 3 P M

PRESENT

Dr János Berecz

Mr B G Cartledge

Mr J Molnár
(Interpreter)

Dr Berecz said that our chance encounter at the Scotland/Hungarian Football Match on 31 May had reminded him that I was still awaiting my first call on him and he apologised for his inability to receive me at an earlier stage. He welcomed me to Budapest and expressed the wish that my wife and I would be happy here, as in his experience most diplomats were.

2. I told Dr Berecz that I was indeed very appreciative of the welcome which had been extended to us in Hungary and that I had found my introductory calls on members of the Council of Ministers, culminating with that on the Prime Minister two days before, extremely valuable. During these conversations my main objective had been to emphasise the British Government's wish not only to maintain but to develop further the bilateral relationship between Hungary and the United Kingdom, even during a period of considerable international difficulty. I did not wish to go into the details on this occasion but it was a fact that 1980 was turning out to be an active year in our bilateral relations, to which the visits of Lord Carrington to Budapest in October, and we hoped, of Mr Peter Veress to London later in the year, would provide an appropriate climax. I had expressed to Mr Lázár the personal view that there might be some parallel between certain aspects of the domestic situations in Hungary and the UK, on the one hand, and the recent development of East/West relations on the other. Both in Hungary and in the UK, people had become accustomed to a significant annual increase in their standard of living and this had been accepted as a matter of course without, perhaps, sufficient attention being paid to the probable impact on the process of wider external economic factors. Both the UK and Hungarian economies now faced a period of adjustment to uncomfortable realities and there was greater recongition of the extent to which external factors could either make a steady increase in living standards possible, or, as was happening at present, slowing the increase down. In much the same way, the countries of Western and Estern Europe had become accustomed

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in recent years to a steady and welcome improvement in the quality of their bilateral relationships. This had come to be accepted as a natural and inevitable process, to an extent which had tended to divert attention from the wider international framework within which bilateral improvements were taking place. On the bilateral level, we had perhaps become too prone to take détente for granted and had failed to get to grips at a sufficiently early stage with fundamental differences of perception, as between West and East, of what détente should mean and of what it could and could not sustain. This difference of perception had now culminated in a major international crisis. I said that I would welcome Dr Berecz's views on how East and West could work towards an agreement on a sounder basis for détente and a greater understanding on both sides of what could and what could not be tolerated within its framework.

3. Dr Berecz said that he would like to begin with a few observations on Hungary's own situation. Geography had dictated that Hungary had no choice but to be an open country, susceptible to influences from both East and West and, given her lack of natural resources, wholly dependent on the development of trade with both East and West. The development of this trade depended on the basic health of the Hungarian economy, which it had been the purpose of the economic reforms of the last decade to strengthen. Hungary was, of course, committed to the principle of socialist economic integration, but this process was not going well. Hungary had been rather slow to react to adverse changes in the international economic environment and had been obliged to take quite drastic measures to bring internal circumstances more into line with external realities; the principal measures had been the steep consumer price increases introduced in June 1979 and the producer price increases of January 1980. These had naturally not been palatable to any sector of the population but, Dr Berecz said, the people as a whole had shown a remarkable understanding of the necessity for them. Even so, for political reasons it was essential that these measures should be seen to produce early and positive results in terms of the strength of the economy as a whole. The Party had to be in a position, by 1982 or 1983, to demonstrate to the Hungarian people that the pause in the rise in living standards had resulted in demonstrable economic progress. The next two or three years were, therefore, of very great importance for Hungary's future.

4. Dr Berecz said that he would now like to fit this domestic situation into the wider international picture which I had described at the beginning of our conversation. He would, however, first like to mention an interesting episode which showed that even adverse political circumstances could sometimes have useful results for small countries such as Hungary. Dr Berecz said that, as I would know, Hungary was proud of her agriculture and of the progress which had been made in recent years to increase the efficiency of the agricultural sector. Hungary had gone to considerable efforts to try to interest the Soviet Union in what was being done here, in the belief that some Hungarian management techniques might be relevant

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to Soviet problems: but to no avail. Dr Berecz explained that the CPSU and the HSWP had a joint programme of annual exchanges of political lecturers who went to each other's country once a year to lecture, mainly to Party audiences in the capitals and provinces of the Soviet Union and Hungary. The latest such exchange had just been completed and he had spoken to the Hungarian lecturers who had returned from the Soviet Union. They had spoken to considerably larger audiences than usual, as a result of the publicity which had been given to Hungary in the Soviet Union by the joint Soviet/Hungarian space mission. The interesting point, however, had been that almost without exception every question directed at them by their Soviet audiences had been concerned with Hungarian agriculture: the price mechanism, the regulations concerning private plots, the relationship between private and State agricultural sectors, mechanical and other techniques and so on. Dr Berecz attributed this sudden surge of Soviet interest in Hungarian methods directly to the US grain embargo and to the other restrictions currently applied by Western countries to trade with the Soviet Union.

5. Dr Berecz then went on to trace the course of international events during the 1970s. The decade had begun, he said, with a period of 4 to 5 years during which East and West had worked towards the establishment of a new network of relationships. Through international meetings, bilateral exchanges, the development of trade and in other ways East/West relations had been set on a new course. The climax of this process had been the Helsinki Conference of 1975. Events during the second half of the '70s, however, had shown that this framework was still too fragile to bear the weight of a succession of crises resulting from the inevitable process of social change in the world. One reason for the weakness of the new structure, Dr Berecz said, was the instability and unpredictability of the United States political system: the election cycle made it virtually impossible for an American President to conduct a consistent foreign policy or one that was not primarily dictated by electoral considerations. Dr Berecz added, in parenthesis, that when he made this statement he was usually told by Westerners that the Soviet leadership was equally unpredictable because it was impossible to secure any clear indication in advance of the identity of a successor leadership. To this he would only point out that what he called the "second echelon" of the Soviet leadership was now being able to play a much more active and prominent part in Soviet affairs, both domestic and foreign, than had formerly been the case. He mentioned Zagladin and Zamyatin as examples of this change. It was now much easier to foresee the evolution of the Soviet Union's leading circles.

6. Returning to the course of events after Helsinki, Dr Berecz said that the West, and President Carter in particular, had made a fundamental error in playing up the human rights issue so soon after Helsinki; and that United States policy, particularly at the Belgrade Review Conference, had been wholly misconceived and had done much more damage to the newly evolved East/West relationship than the West appreciated. He had himself been in Moscow at the time when Mr Goldberg had started to produce his "dossiers" and he was in a position to know the extent to which these tactics had adversely affected Soviet attitudes towards the West.

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7. Dr Berecz said that the Belgrade episode had reminded him of a story which his father used to tell him about the First World War. In Hungarian villages at that time it was the custom for the "town crier" to summon the villagers together by beating a drum and then to read out to them the latest news of the victories of the Central Powers over the Russians on the Eastern front. These bulletins always included details of the numbers of Russians who had been killed or wounded in the battles. On one such occasion, a villager had said to the town crier at the end of his announcement: "And what about the losses on our side?". "Ah, you see", said the town crier, "they are beating the drum for those in Russia". Dr Berecz said that he related this anecdote in order to make the point that other countries, including Hungary, had "dossiers" which they could produce if forced to do so.

8. The new framework of East/West relations had, Dr Berecz said, been further and in the end very seriously damaged by events in Iran and Afghanistan. The episode of the Iranian hostages was another example of the clumsiness with which the Americans conducted their foreign policy. If Ambassador Kaiser in Budapest had made an approach to the Hungarian Foreign Ministry along the lines that US/Hungarian relations had improved very significantly in recent years, and that the problem of the hostages was perhaps an issue on which this improved relationship could be put to good use, it might have been possible for something useful to have been done: Hungary was a small country but even small countries could sometimes exert a helpful influence. But instead of adopting this approach, Mr Kaiser had called on the Hungarian Foreign Ministry in a belligerent manner and had taken the line that unless Hungary helped the US in the matter of the hostages, US/Hungarian relations would suffer. In such circumstances, it had clearly been impossible for Hungary to react positively. Dr Berecz drew a parallel between this episode and Western tactics over Afghanistan: it was unrealistic to expect that pressure or threats could ever produce helpful results.

9. Speaking more generally, Dr Berecz said that he retained a considerable respect for Dr Henry Kissinger, not necessarily for his global travels and the diplomatic "deals" which he had achieved, but for his recognition of international realities, and his formulation before becoming Secretary of State of three central concepts. These had been, firstly, that the world was going through a period of drastic change and upheaval which could not be halted; secondly, that a nuclear conflict would cause world-wide loss of life on a scale which could not be contemplated and that Europe, in particular, would cease to exist (Dr Berecz contrasted this with a comment which he attributed to Mr Brzezinski to the effect that a nuclear war would kill off only about 10 per cent of the world's population); and, thirdly, that against this background it was essential to construct a comprehensive and stable framework for East/West relations capable of withstanding the pressures of global change and thus reduce the risk of nuclear war.

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10. In a brief comment on the strategic situation in Europe, Dr Berecz said simply that the levels of armaments on both sides had been allowed to become dangerously high, to a point at which they reduced the security of both sides rather than increasing it.

11. Summing up his review, Dr Berecz said that in anser to my question at the beginning of our conversation, he thought that the crux of the problem was to find a proper balance between the commitment (which was unalterable) of the Soviet Union and her allies to proletarian internationalism, by which he meant the promotion of social change in a positive direction, and the preservation of a stable East/West relationship.

12. I told Dr Berecz that although there were elements in his account of the 1970s with which I could agree, I thought he had omitted some factors which, seen from the West, were of crucial importance. I said that he and I had both lived for some time in the Soviet Union and had both studied aspects of Russian history and Soviet policy; this made it easier to speak frankly. Taking up his reference to the nature of the Soviet leadership, I said that what worried the West was not the unpredictability of Soviet behaviour, but the fact that it was all too predictable. Dr Berecz had ascribed responsibility primarily to the United States for the damage done to East/West relations by the events of the second half of the decade. I said that Dr Berecz's concluding remark about proletarian internationalism seemed to me to touch on the crux of the problem. I agreed that in many parts of the world human societies and economies were in a state of change and flux which might be welcome or unwelcome to one super-power or the other. But it was one thing to encourage "favourable" developments by what the Russians called the "ideological struggle" and quite another to try to push them along by active intervention or interference. Despite all the emphasis which the West had placed during the early and mid-1970s on the necessity for recognising that détente was indivisible, the Soviet Union had nevertheless been unable to resist the temptation to try artificially to promote or accelerate political or social trends favourable to itself. The West had watched, with mounting concern, how the Soviet Union had sought to promote its interests in Africa, particularly in Angola and in the Horn of Africa, by the use of its own or client military forces. In Afghanistan, similarly, the Soviet Union was endeavouring to arrest, by the use of military force, developments which it regarded as unfavourable to its interests. In Europe, the Soviet Union had persisted in its old habit of the massive over-insurance of its security by improving its strategic and conventional armaments both qualitatively and quantitatively, to a point at which the West was bound to react before the imbalance became intolerable. In all these policies, the Soviet Union had shown that the hopeful developments of the early 1970s and the grand pronouncements at Helsinki had not, after all, moderated trends in Soviet behaviour which, as Dr Berecz knew, had deep historical roots but were nevertheless quite incompatible with détente as the West understood it.

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13. I said that I would not pursue these arguments in more detail now, since it would be an objective of the UK/Hungarian political dialogue, which would be continued later in the year by the visits to Budapest of Mr Bullard (we hoped) and Lord Carrington, to discuss how a situation could be created in which serious discussion could resume on the search for a stable and realistic East/West relationship. An essential preliminary to this was the withdrawal of Soviet forces from Afghanistan; Britain and the European Community had put forward constructive ideas about the circumstances in which such a withdrawal might take place. Any talks should be without pre-conditions on either side. It was totally unacceptable for the Russians to take the line that they might be willing to talk, but only after they had crushed every vestige of opposition to the puppet régime in Afghanistan.

14. Dr Berecz indicated that he did not wholly disagree with these comments and said that he specifically agreed that it was necessary to engage in a dialogue about Afghanistan, although the Soviet Union would never agree to talk under pressure. The West had wrongly interpreted the background to Soviet intervention in Vietnam: if Mr Brezhnev had any prior knowledge of moves against Taraki, he would hardly have embraced him in public two days before his assassination. He had heard it said by Americans that it was essential to achieve agreement on a new and more realistic basis for détente before 1985, when an even more conservative Congress would be elected. In the meantime, he suggested that we should "tie a knot in the thread of our discussion", so that we could resume it after the elections in the FRG and the United States, which would remove two important question marks over the current international scene. I said that I would be very glad to take him up on this offer.

15. The discussion ended at 4.30 p m.

10 June 1980