

# HUNGARY'S WAY

Sir Geoffrey Howe was right not to cancel his official visit to Hungary in the aftermath of the Korean Airline disaster. At a new nadir in East-West relations it is particularly important to distinguish in our diplomacy between the individual countries of the Soviet block; Hungary is a fascinating example of how a nation can adapt to life under Moscow control, neither losing its identity nor blindly following the Soviet pattern of development.

Hungarian party leaders can now discuss the 1956 rising without referring to it as "counter-revolution" but its bitter memory lingers, setting a firm limit to expectations of pursuing policies independent from those of the USSR; Budapest echoes faithfully Soviet foreign policy statements. The British Foreign Secretary no doubt gave full expression to the horror and revulsion universally felt at the deliberate destruction of a civilian aircraft - a crime compounded by the Soviet leaders' attempts to deny their guilt.

Visitors are invariably struck by the Western appearance of Budapest's shops and streets. There is a tendency to exaggerate the extent of the 1968 economic reform which reduced centralized planning, encouraged initiative at factory level, and permitted some growth in pri-

vate enterprise, especially in agriculture. Factories even gained a limited right to trade directly with Western firms and to retain much of their profits. Hungary has joined the World Bank and the International Monetary Fund, and Western loans have helped ease the country's growing economic difficulties. The government hotly denies however that this signifies any return to capitalism.

To improve the balance of payments and control the rise in indebtedness to the West the government has taken severe measures to reduce public consumption. Living standards - carefully protected over four years of economic-restraint - are expected to register a decline this year. Young people in particular are feeling the pinch, and there have been widespread complaints about housing shortages and the strains this places on family life.

There is a greater degree of public discussion of social and economic problems than in other countries of the Soviet block. The government's pragmatic approach brought relatively prosperity, and has attracted considerable interest even in the USSR where President Andropov's hesitant reforms show the Hungarian influence. They have discovered,

however, that extensive economic reform requires some political liberalization.

The electoral reform now being debated proposes that at least two candidates be nominated in each constituency, allowing some pluralism of interests and views. It has even been publicly admitted by a Politburo member that "in the present electoral system, elections do not have much political significance". But under the new system all candidates will still require official approval, and Hungarians do not expect fundamental changes to ensue.

The Hungarian party leader Janos Kadar has stayed in power since 1956 by carefully heeding Soviet strictures on political freedom while attempting fairly successfully to satisfy the demands of the population for material prosperity. During his July visit to Moscow he was awarded yet another Order of Lenin for his services in strengthening Hungarian-Soviet relations. He has cracked down hard on dissidents who have been unable to separate "a critical approach from hostile political activity". Western countries clearly cannot expect to woo the present Hungarian regime from its political ties with Moscow, but this need not stand in the way of continuing to develop mutually beneficial economic and cultural relations.