Will Hungary become victim to geopolitics?

by Birgit Vitt

A year before parliamentary elections in Hungary, the internal controversy over the future direction of the country is intensifying. The principal subjects of the current controversies are economic and financial policy, as well as the privatization of major state companies, the banks, and the land. New parties are coming into existence, such as the Party of the Mothers and the Pensioners Party. And the old parties are either seeking new alliances or are splitting up, such as the Small Farmer Party. Opinion is divided over whether Hungary should yield to the demands of the International Monetary Fund (IMF) and the international banks for the opening of markets and the imposition of drastic austerity.

In February, Prime Minister Jozsef Antall proposed a government reorganization in which six new ministers would be sworn in for the areas of finance, agriculture, industry, education, transportation, and the environment. The most spectacular decision was the dismissal of Finance Minister Mihaly Kupa, considered to be a representative of a policy of radical accommodation of the Hungarian economy to the western system. Recently, there have been differences of opinion within the government over privatization and the negotiations with the IMF.

The IMF's demands

In 1991, a credit accord was concluded between the IMF and the Hungarian government for $1.5 billion, which was to be paid back in installments through 1993. However, in March 1992 the payments were stopped, since the budget deficit that year grew far beyond expectations. In February, an IMF delegation which intended to work out a plan for reducing the deficit over 1994-96, popped up in Budapest, but returned to Washington without success. Gyoergy Szapary, the permanent IMF representative in Hungary, said in an interview with the newspaper *Budapest Week* that IMF proposals primarily concern budget cuts in social programs, increasing taxes, and the abolition of tax exemptions. He demanded welfare and rent reform, and would tie children's allowances to income. After the change in the Finance Ministry, Ivan Szabo, a former minister of industry, went to Washington to continue the negotiations.

The hesitant stance of the Antall government toward the IMF stems from resistance within the government itself and from growing dissatisfaction within the population over the economic crisis. As a result of the dramatic trade decline with the states of the former Soviet Union, there have been major collapses in Hungarian industry. Mining is increasingly running into difficulties, since the government wants to reduce the share of coal in energy production for the country. Joblessness in December 1992 was at 12.3%; by the end of 1993, it is expected to be at 20%. According to statements by the director of the national labor office, Laszlo Kalmar, impending long-term unemployment is the major problem. Approximately 80% of the unemployed receive 9,000 forints per month (approximately $120) for one year. Young people who fail on their first search for work receive only F 6,750 for six months. After this runs out, there is a kind of social aid, which is between F 1,000 and 80% of the minimum rent. Each year, approximately 150,000 people fall out of this support system.

Privatization meeting resistance

Critics of the government such as Istvan Csurka, a member of the board of the government party Magyar Democratic Forum and who, with his followers, formed the citizens movement Magyar Ut (Hungarian Way), fears a sellout of the country in the context of the privatization of Hungarian state companies. The "Hungarian Trust," which is overseeing the process, has privatized and sold to foreign firms 30 of the 138 state firms. A major scandal erupted over the sale last year of the Corporation for Plant Oils and Detergents to Cereol Holding, a spinoff of the Italian Feruzzi group. After the sale, Cereol formed two firms from the original, and sold 20% of one to Unilever. On Feb. 17, sunflower growers who had attempted to buy the firm but were outbid by Cereol, announced that they intend to appeal the decision by the privatization administration. Since the sale, farmers have received less money for the products that they sell to Cereol even though consumer prices for end products have massively increased.

Critics express the same concerns about bank privatization. The official government adviser for bank privatization is Crédit Suisse-First Boston Ltd. For the privatization of the four largest Hungarian banks, the following banks were selected by the committee for bank privatization as advisers: Salomon Brothers International Ltd., Crédit Commercial de France, and Hambros Bank Ltd. and J.P. Morgan International Ltd., the last two of London.

Just as Hungarians are feeling increasingly left in the lurch by the European Community and especially by Germany on economic policy, Hungary is experiencing the fact that Europe is refusing to act to end the war in the Balkans and deserting it over the refugee problem. The fear that Hungarians could fall victim in Vojvodina to the same genocide as in Bosnia, grows from day to day. The Hungarian government is seeking to cushion Serbian provocations diplomatically and is very reserved concerning political and military initiatives, given European inaction.

Selling the Montreal Protocol to developing sector nations

by Marjorie Mazel Hecht

Why would any nation, especially a developing nation, jeopardize its food supply and the health of its population by agreeing to give up the safe, cheap, efficient substances, such as freon, that are now used as refrigerants? This was the question I sought to answer in a series of interviews with environment ministers of developing countries that have participated in the Montreal Protocol, the 1987 treaty that mandates the phaseout of chlorofluorocarbons (CFCs). These nations, which are striving to raise their living standard to be appropriate for the 21st century, stand to lose the most from the ban on CFCs, because the replacements are costly as well as caustic and require new production equipment, thus draining funds from necessary development activities.

Interviewed here is India's Minister of the Environment Shri Kamal Nath, who was elected president of the Montreal Protocol nations group at the group's November meeting in Copenhagen. Nath's responses make it clear that the U.N. Environment Program (UNEP), under which the Montreal Protocol was organized, has presented only one side of the ozone story to member states—the scare story. The statements and research of experienced atmospheric scientists who have analyzed the ozone hole as a natural, seasonal phenomenon have not been allowed to appear in U.N. reports and science journals, and therefore have not been part of the decision-making process. Similarly, the statements of those scientists who have been measuring ozone and ultraviolet radiation (UV) for years and who see no global decline in ozone and no increase in UV do not appear in the U.N. documents.

Nath also says that India's compliance with the phase-out schedule is entirely dependent on the Montreal Fund (set up to "help" developing nations comply with the Protocol) providing the funding necessary to cover the additional costs to the Indian economy of developing CFC substitutes. Should the technology transfer for substitutes not be made available "at a time and price which allows India to achieve the intended phaseout," Nath says, "we naturally cannot be held responsible."

To cover its deliberate omissions of scientific evidence, UNEP's argument is, as Nath states, if we don't know for sure, "it's better to be safe than sorry." But exactly this philosophy is likely to backfire. Business and government officials are beginning to realize that there are no safe "drop-in" replacements, and that the costs involved are even more enormous than estimated. Simultaneously, the U.S. national press has finally begun to reveal the truth: The ozone hole scare is a hoax.

A lengthy front-page article in the April 15 *Washington Post* described the ozone layer accurately as a "renewable resource," and noted that even environmentalist leaders concede that there is no catastrophe. A *Detroit News* editorial on ozone on April 18 began, appropriately, "The apocalypse has been canceled. . . ." And as the *Washington Times* summed it up in a May 19 article, "Evidence is mounting that ozone depletion is not a problem, and the Chicken Littles of the media are beginning to eat crow."

As the signers of the Montreal Protocol realize that they've been "had," it will be clear that safety lies in overturning the Montreal Protocol before billions of dollars and millions of lives are lost in order to comply with a big lie.

Interview: Shri Kamal Nath

India's program to replace CFCs

Shri Kamal Nath is Minister for Environment and Forests for India and serves as the president of the Montreal Protocol group. He was interviewed in April by Marjorie Mazel Hecht, managing editor of 21st Century Science & Technology *magazine, and he submitted his answers in writing.*

Q: What is the impact of the phaseout of chlorofluorocarbons (CFCs) for India? What effect will this have on the food supply, by making refrigeration more costly? What impact will it have on plans for industrial development?

Nath: The total demand for ozone-depleting substances in India in 1990 has been estimated by the Task Force to be 4,700 million metric tons. This includes Group I and II substances. For refrigeration/air conditioning, the figures for 1990 and 2010 are 2,100 million metric tons and 18,000 million metric tons, respectively. Compared to the rest of the