

Hungarian minister foresees dissolution of military blocs

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Susan Viets in Budapest

HUNGARY'S Foreign Minister, Mr Gyula Horn, said at the weekend he believed changes in East Germany might eventually lead to German reunification and the dissolution of the Warsaw Pact and Nato.

"Resolution of the German issue can provide for simultaneous dismantling of the two military blocs," he said after talks with the foreign ministers of Austria, Yugoslavia and Italy on regional co-operation.

"This process has been started by the recent events in East Germany," Mr Horn added. But there was "a long way to go" before German reunification. "It requires a lot of things to take place."

The four-country meeting, planned well in advance, proved to be remarkably timely, coinciding also with the resignation of the hardline party head in Bulgaria, Mr Todor Zhivkov.

Mr Horn said the new Bulgarian leader, Mr Petar Mladenov, was "committed to reform", giving reformist forces a clear edge over hardliners in Eastern Europe.

Hungarian foreign policy is

now clearly shaped by the question of when, not whether, Hungary will become neutral.

The Hungarian Deputy Prime Minister, Mr Peter Megyessy, said: "The Warsaw Pact is undergoing a process of transformation because the Brezhnev doctrine is no longer valid."

According to Mr Megyessy, the alliance with Austria, Italy and Yugoslavia will be one of "highly developed co-operation, not aid", with the four countries investing in mutually beneficial projects.

Mr Megyessy said Hungary would introduce economic austerity measures in the form of a three-year plan to cut its budget and foreign deficits, so it could "be correct and fair and service our debt."

The ultimate goal is for Hungary's economy to be on par with its Western partners.

The current balance of payments deficit in hard currency is \$1.5 billion (£1 billion), instead of the predicted \$600 million, which will not meet terms set down by the International Monetary Fund.

In negotiations with the IMF later this week, Hungary will lay out a strategy to cut its debt by increasing exports and attracting working capital.

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