Hungary brings in high-speed privatisation

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Susan Viets in Budapest

THE Hungarian government yesterday unveiled a short-term economic programme for quick privatisation, decentralisation, and the development of small enterprises.

The programme, designed to relieve international pressure, also aims to reduce the domestic budget deficit.

Insolvency proceedings will be launched in August against 30 large state companies, many of which are indebted to each other through an inflationary chain of no-interest credit.

The simultaneous privatisation of 40,000 or so small service companies, including petrol stations and hairdressers, was also announced. The Economics State Secretary, Gyorgy Matolcsy, called small and medium enterprises "the motor of the Hungarian economy".

The remaining 600 state companies can decentralise, with units of large companies free to become small ones.

The impact of this anti-inflationary programme is slightly undercut by measures to curb Hungary's £170 million domestic budget.

The government will cut subsidies for exported agricultural products. It will raise household energy prices by 30 per cent and cigarette, brandy, and petrol prices by 25 per cent.

● The Socialist daily Nepszabadsag yesterday quoted an unnamed source claiming that Ulrike Meinhof, of the West German Baader-Meinhof terrorist gang, had once stayed in Budapest's Grand Hotel under the Hungarian Interior Ministry's protection.