

New Hungary

Freedom and Solidarity

**The Programme of the Government of the
Republic of Hungary for a Successful,
Modern and Just Hungary**

2006-2010

HOMELAND AND PROGRESS

Homeland and progress – we are driven by the desire and ambition that progress, which understands and shapes the new world, and the matter of lifting the entire nation can join forces once again. We want to serve success and progress for everyone. We want more and not less democracy. We believe in an open Hungary that is proud of its national traditions and present performance.

We create a strong and successful Hungary.

Strong in the sense that it does not shy away from challenges, that can courageously exploit the new rules of an open and competitive world to its own benefit; a country that can adapt to the new global reality but also wants to shape that in a conscious way. We create a successful Hungary that builds upon the talent, knowledge and initiatives of its citizens, that does not escape from regional and global competition, but rather fights for our national interests and wants to lead. We do not simply want to protect ourselves: we believe that our key task is to empower everyone so that they can prevail in this new world and be successful.

However, competition is not all. The Republic is built on co-operation: on the mutually responsible, voluntary partnership of citizens and their communities, the regulated co-operation of institutions and organisations. Competition and solidarity, freedom and responsibility go hand in hand. We make up Hungary: ten million people – we are similar and yet different. The many people we are, we all have different aspects of the world and Hungary. Our joint Hungarian identity is backed by the colourful whirl of convictions, cultures, beliefs and behaviours. This diversity is the source of the power, adaptability and renewal capacity of the Republic.

We are democrats. We know that the existence of a democratic republic is based on the equality of civil and political rights and the fair competition of political views, programmes and organisations that are freely organised within the frames of the Constitution. We believe that parliamentary democracy is built upon the mutually respectful and accepting, competitive partnership of social democrats, liberals, conservatives and all constitutional political directions. Although we could learn the rules of political competition over the past sixteen years, the importance of the obligation to co-operate seems to have faded away. It is time that we created a responsible balance between mutually respectful democratic, political competition, and partnership that preserves differences and alternatives.

We are patriots: Hungarians and Europeans. We live the responsibility of preserving and enriching our national heritage. We share the fate of Europe that is built on antiquity, Jewish-Christian traditions, the enlightenment and the rise of the middle class; we want to enrich, strengthen and shape this continent as Hungarians. There is no way back: our injured history does not argue for following old objectives but rather for understanding the new lessons. In the framework of the enlarging EU we can create a common Hungarian homeland, where the objectives and opportunities of the historical nation and the third Hungarian Republic can be implemented complementary to and not to the detriment of each other. As elected, responsible leaders of the Republic, we want to govern on behalf of 10 million Hungarian citizens and for the interest of 15 million.

Created by the political changes, the Constitutional order and European norms of the third Hungarian Republic could stand the test of time. Parliamentary democracy, social market economy, the Euro-Atlantic partnership and integration constitute the three pillars of modern Hungary. However, the political change could not deliver safe prosperity or a life free from fears to the doorsteps of all families. Behind political freedom and the developing economy, we can find not only successes, but also an ocean of failures and lots of disenchantment. The carefree lives of a few exist side by side with the resignation and hopeless quietism of many. Improving individual and family chances and increasingly isolated and secluded individual lives drift farther apart. Differences in income and wealth that would otherwise count as moderate in European terms become more and more difficult to accept for the majority. The Hungarian society seems to become increasingly ridged. Personal fates are defined by family descent and the place of birth besides – and often instead of – talent, diligence and true performance. Even entire generations are raised without anyone obtaining a vocation or regular work in some of the regions. On the other hand, we can see an unprecedented number of students in higher education; more apartments are built than ever before in the last 20 years. Hungarian technical and engineering skills earn great respect; there is a new generation of artists who claim their new places in the world of cinema, architecture, fine arts, literature and theatre.

Hungary has become diverse. Momentous development and hopeless backwardness are equally characteristic. Islands of progress and of backwardness are far removed from each other, and the social roads and bridges are being built slowly to connect those now separated. Reconnecting the opportunities that are now torn apart is the biggest challenge we face. To make sure that no life, no talent worthy of progress is wasted, so that all promises can unfold, and we can create the country of winners instead of losers. Progress, success and victory. Not for a select few, but for everyone – there can be no other objective for us.

We want to achieve western style life quality and environment. We build and we invest – never before has so much been done. We build roads, railroads, town centres; we reconstruct schools, hospitals, social institutions; we regulate rivers and build sewers. The image of villages and rural areas is also changing in the meantime: a new Hungarian industry is emerging on the basis of investments, Hungarian small and medium sized businesses gain strength. Hungary is turning into the financial and logistics hub of the region. Modern regional centres built on knowledge intensive economy will ease the focus on Budapest; we shall become a centre for tourism; agriculture will be transformed. This is of course not enough for building the new Hungary. That requires more. The purpose of investments is not to strengthen old structures but to assist the birth of a just and progressive country. That requires plenty of changes and reforms.

No repeated political change is necessary like in the beginning of the nineties. It is neither necessary nor possible. What we need is the clever, courageous, yet moderate adjustment of the relations and conditions that have evolved since the political change. A new reform era: reform State, reform Parliament and reform Government.

The basis and framework of necessary changes are the joint understanding and acceptance of the fact that the new Hungary can only be built upon the performance of free and autonomous citizens. We are Hungary. We constitute it with our national history and active present. The focus of our national and societal existence is not the state but rather the multitude of diligent citizens, families with a will to act and voluntary non-governmental organisations. The Republic cannot do more for its citizens than what they do for themselves and each other. The country does not have a performance independent of its citizens. All the might, all the ability of the country to elevate, to encourage or to protect derives from the citizens. A strong Hungary is not built from selfishness or claims but from the work, efforts and co-operation of compatriots who accept responsibility for themselves and the public.

Change should start with the state and the politicians. The state should not be a burden and impediment but rather a helping partner in our lives. Millions of citizens and families have absolved a great journey over the past one and a half decades. They fought, they often struggled, and they have changed because they had not other choice. They have changed jobs, learnt and taken up employment far away from their places of residence. They have drawn credits to learn, to purchase an apartment or to build a house. All the while the state remained unmoved. This is why the entire elected democratic establishment from the Parliament to the county and local municipalities, the operation of the parties including the financing of party operations, and almost the entire public administration have become a burden rather than a

propellant force. Hurtfully large portions of the state are shaped by half-truths and hardly concealed perfidy instead of bold openness. Instead of setting an example for adaptability and development, the state and the politicians only trail after the people, which has caused much damage to their credibility and authenticity. We must change ourselves and cause change to happen. Less privileges, higher performance, less bureaucracy, transparent and controlled business – these are the main directions of reform.

The Hungarian healthcare and education systems find it increasingly difficult to master the task of providing services in an equal, transparent and efficient way so that everybody can enjoy a just share of the most important public assets: health, knowledge and culture to reduce existing social differences. What happens today is often the opposite. The quantity and quality of access to healthcare services can largely be decided by the individual's position in the social hierarchy, by the contacts one has or the place of birth. Today the common function of healthcare is governed by an impenetrable web of interests and bargains instead of a complementary and mutually strengthening system of individual and public liability that can be regulated, controlled and operated. This leaves the patient, the doctor, the nurse and the state backing the entire system dissatisfied with their respective positions. Everybody feels like losers. The current system allows benefits only to the detriment of each other, and even that on short term only. This means that we need a general healthcare reform: a new social contract and a new model in healthcare. We shall not wait any longer.

Many things have happened in education since the political change. There were both self-centred, inconsistent changes and progressive reforms. However, we have been unable to reverse the scariest trend that has been with us for two decades. Namely, that the Hungarian school system does not reduce but rather preserve or even augment the original familial and social differences between children and pupils. Our educational system is the preserver of social inequality, the keeper of social fragmentation and the regenerator of a social elite financed by public money. This is not the fault of teachers, but of the leaders of school administration. Schools must be safeguarded, and roads must be opened up for talents. Following in the footsteps of the noblest Hungarian traditions, schools must become the engines of social and economic progress in Hungary once again. This is the interest of the country, this is the interest of our children, grandchildren and future generations. We shall not wait any longer.

These are the debts from the previous sixteen years. However, that is not all. The equilibrium of the state household must be restored in the first half of the government term. The last five to six years have loaded more and more increasingly unbearable burdens on the back of the state. Justifiable social

and modernisation objectives were not supported by proper budgetary diligence. While there can be no question that the deviation from the course of equilibrium started in 2000 and 2001, it is also clear that the larger part of this liability is carried by the governments of the term 2002 to 2006. All in all we have come to a situation where the unfolding of the programme of social justice and modernisation is jeopardised by the unacceptably high rate of budget deficit. This is the reason why the new government will, upon its establishment, effect immediate measures to restore the balance of the state household. We want to meet the Maastricht requirements on the budget by the middle of the term. This requires a substantial cut of state spending and considerable increase of its revenues on short term. We shall not wait any longer.

We are creating a new Hungary with fair and courageous reform governance. We know that we politicians are not able to achieve this objective alone. The partnership and support of thousands and millions are needed. We need the joint will and action of many. We need a new reform era. More justice, more democracy. Peace and equitableness must be preserved. These great objectives are matched by enthusiasm and a passionate fate in a better world. And there is also humility, knowing that the challenge and task is towering upon us. We also know that with our good decisions there will certainly be some mistakes. We shall avoid the impression of haughty omnipotence or mercilessness; and our decidedness in actions will be matched by humbleness towards the fatherland and the democratic order.

We know our task and act accordingly. The government of social democrats and liberal democrats wants to serve the elevation of the homeland, wants to serve progress and the matter of all Hungarians.

For a better and more just world.

For Hungary, for the Republic.

30 May 2006

Ferenc Gyurcsány

REFORMS FOR THE NEW HUNGARY

REFORMING THE STATE

The purpose of the state is to serve all citizens of the Republic, each and every member of the nation. The service-minded state is the embodiment of the spirit of the Republic in everyday life. The state must work towards establishing a role that befits the new social consensus, and its institutions must work as public service providers. A system should be created that communicates and confirms to the citizens of the Republic that they are customers and consumers of services provided by the state.

The state starts the reform of the country by reforming itself. It sets an example by renewing its political institutions. More rigorous rules, less privileges, higher requirements, smaller institutions and more efficient operations. These are the principles that guide the reform of the state.

A part of the necessary reforms cannot be implemented unless there is a consensus among parliamentary parties. We trust that all responsible Hungarian political forces agree that politicians must be in the forefront when we talk about substantive changes. They, the leaders of this country have the responsibility to demonstrate that they are prepared to curtail their privileges and even incomes to establish a more modern, cost efficient and more efficient state, and they are able to restore the declining respect of political institutions.

Renewing Political Institutions

The sixteen years that have lapsed since the political change have deeply eroded the respect of the people for democratic institutions and politics. Now is the time that the modern and new Republic of Hungary implements those changes that have been necessary and recognised for long, however, postponed because of the lack of consensus, and now is the time for the Republic to restore the respect of the citizens for its elected institutions.

Therefore the Government of the Republic proposes to reach a consensus of all parliamentary parties to decide in the following matters:

- The number of parliamentary deputies should be reduced to less than three hundred. While preserving individual election constituencies, a more proportionate election system should be installed that gives a better expression of the will of the voters.
- The number of local municipality deputies should be cut already before the local elections in 2006.
- The election law should be amended on the basis of experience accumulated so far.
- More rigorous compatibility rules and more limited exemptions should be installed for deputies.
- An act is needed on the new house rules of the Parliament, which should also create the legal environment for the efficient and reliable operations of parliamentary investigation committees.
- The economy of parties should be transparent and controllable, with particular regard to their campaign spending. Party financing should be transformed into a clear and transparent system by increasing the amount of state subsidies paid to parties, setting a realistic upper limit on the amounts that can be spent on a campaign and by establishing a rigorous control and monitoring of these. The auditing authorities of the State Court of Auditors should be strengthened.

Modern Public Administration – The State as Service Provider

Millions of people and hundreds of thousands of businesses have learnt to adapt themselves to the changing world and to the requirements of ever sharpening international competition over the past one and a half decades. However, these massive changes have left almost unchanged the organisations of the state, the central and local public administration and municipalities that were also established some fifteen years ago. This has led to the consequence that although the Hungarian economy is becoming more and more modern and competitive, public administration remains oversized, slow and expensive, administration in general is bureaucratic. Beyond the overly centralised and humongous central administration, the system of local municipalities that was established in 1990 has also become an obstacle to regional and sub-regional partnership, the joint and efficient use of resources and the joint implementation of interests, which would otherwise be absolutely essential for the development and realignment of

settlements and the provision of quality services to the citizens in many areas.

It has been clear for many years that the outdated system of public administration is in need of unavoidable change; and the reason is not only that the current large apparatuses cost a lot of taxpayer money, but also that these institutions have become more of an obstacle than a motivator of the faster and successful development of the country. However, politics have always been scared away from the conflicts arising from such a transformation in the past decade. The political declaration of creating a smaller and more efficient, service minded state has never been turned into real action.

The Government of the Republic does not postpone the necessary changes any longer. Rather, it takes courageous steps to establish a new public administration and local governmental system that operates efficiently, uses public funds sparingly and can provide quality services to the citizens.

Smaller, Service-minded Public Administration

The state is the first to start with its own transformation and indispensable changes that also entails sacrifices and conflicts. We shall not only implement a substantial cut in the number of staff working in central public administration and local administration, but we shall also formulate a new set of requirements for these organisations and their staffs: requirements that have been recognised in the competitive sector for long.

We want to establish a public administration with improving quality and standards of public services, increased satisfaction of citizens and reduced now existing differences in the access to services. All of this requires that the concept of performance and the cost efficient use of public moneys are enforced also in the public sector; the operation of these organisations should become transparent and controllable.

Reducing the Size of the State

- The number of ministries is cut to 11, and a smaller number of organisations with autonomous national authority is operated.
- There will be a drastic reduction in the number of so-called “decentralised offices”.
- For the first time since the political changes there will be a new law on the general rules of operation of the Government, ministries and government agencies. A new state household act will be passed on the legal standing and economy of all organisations that provide public services from public money. We shall enforce the principle of “value for money” in public administration and public services!
- The activity of regional public administrative bodies will be concentrated into the regions. Regional public administration offices with wide ranges of responsibilities and authority will be created.
- We shall review and screen the activities of more than eight hundred state agencies and more than three hundred businesses and foundations operating with state participation, and we shall look into the justification of their responsibilities. A new, smaller and more efficient system of state bodies will be established.
- We reduce the number of management levels and leading executives.

More Efficient State

- In order to achieve a more cost efficient use of public funds, and in order to ensure the more efficient and more transparent spending of those, we shall centralise certain background functions of central public administration (public procurement, tendering, bookkeeping, payroll functions, IT, customer service, human resources, management, operations, travel and protocol functions).
- We transform the financing structure of budgetary institutions. We shall not finance organisations but rather programmes and activities necessary for society, and we shall assess the results and quality of their activities on the basis of predefined targets.
- We shall claim better performance from those working in civil service, and we apply more flexible rules to their employment. High quality performance will be recognised better than today, the management of human resources will be more state of the art, and the employment of young and skilled professionals will be especially welcome.

Improving Public Services

- There will be a general gauging of customer satisfaction throughout the system. The individual performance of people providing public services will be assessed on a continuous basis, and the assessment will also be made public.
- We shall cut the average time requirement of administration to the half by rolling out the single-counter and electronic administration to the widest extent possible and by eliminating obsolete bureaucratic rules by the end of the government turn.
- We shall roll out and generalise electronic state and local government services, and we promote the exploitation of opportunities arising from the information society in healthcare, labour affairs and social policy. An important element of public administration reform, it will be ensured by 2010 that the majority of public administration procedures can be completed electronically.
- The spreading of electronic administration will also be facilitated through a reduction of fees and duties. Various authority procedures will be simplified and standards will be established for this purpose. Automated and normative decisions processes will replace the majority of evaluation-based, so-called “discretionary” decisions. This not only creates the conditions for electronic administration but also the framework for transparency and performance assessment in the process of administration.

- Standard government customer service centres will be established on the basis of the network of document offices. Citizens and enterprises will be able to take care of their businesses with various state organisations including the tax authority or the land registry beyond the usual services.
- Customer service charters will be standardised within public administration, which will establish a public and accountable “agreement” between the agency and the citizens for taking care of the citizens’ affairs on a high service level.

The Municipality as Service Provider – Local Governmental Reform

Experience from the past few years shows that resources provided on the county level are no longer sufficient for the fast and dynamic development of a region. Wider, regional partnership is necessary that can establish an economic link within the given region. Our accession to the European Union and the creation of regions have resulted in a waning function of counties. The majority of county responsibilities should be shifted to the level of settlements, sub-regions or regions.

By cutting the tasks of counties, the role of sub-regions can become even more important than today. The results achieved in establishing multipurpose regional partnerships show that the quality of citizens services can actually be improved if a settlement is not forced to provide such service on its own but rather they can organise the service in partnership with neighbouring settlements and thus attain a higher quality.

The necessary changes will not weaken but rather strengthen the local governmental principle, and will create the opportunity for local governments to become real and responsible leaders of the development of their settlements, regions or sub-regions. These changes are also unavoidable because the closest possible regional and sub-regional co-operation and partnership will be absolutely necessary for the use of the sizeable development resources of the coming years that will contribute to the realignment and development of their respective regions.

- In the framework of the local governmental reform we shall facilitate the establishment of elected regions with their own local governments. This means that county general assemblies will be replaced by regional general assemblies. The first elections of regional general assemblies to replace county general assemblies can happen in 2008.

- We shall strengthen the intercommunal co-operation forms of local governments, and we shall initiate the formation of political consensus that is required to create the constitutional conditions for mandatory partnerships. If no such consensus can be reached, the government will work towards motivating the voluntary intercommunal partnerships of settlements, because nothing else than the co-operation of communities can secure high quality educational, school, social and health services to all individuals living in small settlements.

In addition to a financing system motivating such partnerships, we shall also concentrate public administration tasks in sub-regions in order to help these partnerships strengthen.

- A part of the responsibilities of town clerks will be delegated to the level of sub-regions, and sub-regional public administration service centres will be established that can provide quality services.
- In case of settlements with less than 1000 inhabitants, the local municipality assemblies will be preserved, however, there will be no independent clerks but rather one clerk for a cluster of settlements.
- The meaningless tasks and obsolete requirements of ministerial laws that burden local governments and the offices will be eliminated.

REFORM IN THE ECONOMY

We build a strong and influential national community. A strong one that is able to protect its citizens and their interests, one that helps us in the competition. An influential community because everything we, Hungarians represent leaves a footprint in the world. In addition to culture and knowledge, the economy is the main source of power and influence. A strong economy and the revenues generated by it make it possible for us to represent and develop our knowledge, talent and culture in the world.

Our economic policies based on the objective that our homeland, the Republic of Hungary can not only catch up with the developed countries of the European Union by achieving fast growth and strengthening the living conditions and security of its citizens within the shortest time possible, but should also get to the top of the ranks in terms of performance and wealth.

The objective is clear. The successful Hungary has a strong, dynamic economy that can stand the competition. An efficient and growing economy is not an objective *per se*. Rather, it serves the people and the country, and it does so with higher incomes and pensions, more jobs, better education and healthcare systems, passable roads, state of the art railroads and a healthy environment. The very sense of our growing economic performance is to create a country where it is better to live. Not only for a selected few but for all of us. Exposedness, poverty and exclusion must be reduced.

The Hungarian economy is successful, strong and capable of development. However, the burdens of the state and sometimes even the irresponsible behaviour of the state leave their stains on the economy, too. The state should not curtail but rather promote the economy primarily by creating the conditions necessary for equilibrium. The Government of the Republic is committed to setting the Hungarian economy on the course of equilibrium and simultaneous growth on the long term through reforming the state household and the tax regime. The government will implement fast and efficient measures for this aim:

- It will start to reinstate the budget equilibrium by rapid, short term measures.
- It applies structural reforms on medium and long term to make sure that the state conducts a cost efficient and responsible economy of public funds and takes care of no other tasks than what is really required by the society, and that all of this can result in a simpler, more transparent and more unified tax regime that cuts the burdens of businesses and citizens.

Families received social compensation for the enormous sacrifices of the nineties in the past few years. The purchase power of salaries and pensions has grown by one-third in the last four years; families with children receive more and equitable support; starting a new home is no longer a privilege of the few. The Hungarian economy develops quickly and healthily. Investments and exports have become the main engine of our growth. By doubling the length of the highway network and scaling up the IT network, we have created the conditions for making sure that the new developmental opportunities arising from our EU accession can open up the possibility of fast realignment for regions and areas of the country that used to be isolated before. The state has taken up substantial burdens through the rapid mitigation of social injustice, the catching up of salaries, the reduction of taxes and the development of the infrastructure without implementing a simultaneous, actual cut of other expenditures by re-thinking its tasks. The price of the realisation of these manifold objectives that were socially acceptable was paid not only from higher incomes deriving from faster progress, but also from expenses carried by the state, i.e. credits drawn by the state household.

All of this unavoidably lead to the point when the state deficit exceeded the plans despite all efforts, and its current level could jeopardise the attainment of our developmental objectives and the acceleration of the pace of realignment. The biggest risk that arises from the internal household deficit and the external balance of payments deficit is that financing this cannibalises more and more resources from corporate development, investments that result in jobs, and also retail, household developmental decisions that can reasonably increase the level of wealth.

The Government of the Republic will apply decided and fast measures to restore the equilibrium necessary for continued fast development. However, sustainable development needs even more than that. We must part with the “bust and boom” economic policy of the past decade that was able to restore the balance, toppling from time to time, temporarily only. Thorough reforms will create the conditions for the long term preservation of the equilibrium.

We should cut the state household deficit on longer term not because of the requirements of the European Union, but rather to make sure that this continuously high deficit and increasing financing need cannot siphon resources from businesses and deteriorate the competitiveness of domestic enterprises or indent the trust of foreign investors, i.e. it should not become an obstacle to dynamic growth that has already started. The introduction of the euro is an important step in this context: Hungary cannot miss out on the joint currency that provides the basis for safe and joint settlement and solid planning. However, the introduction of the euro and the creation of the conditions necessary for that are not an objective but rather a means for the

predictable development of the domestic economy and of the relevant economy policy.

The long term equilibrium of the state household can be secured by putting a brake on the increase of state expenditures and by creating a modern, smaller state that conducts an efficient economy with public moneys and can thus provide a higher quality of services to its citizens. The Government of the Republic will part with the policy of postponement and conflict evasion of preceding governments, and will immediately start with the implementation of necessary changes and reforms. While collecting less taxes, the new and modern republic will provide high quality public services, healthcare and education, and will create a system of social services that offers the possibility for catching up and holding on, while it will withdraw from the areas where it has nothing to do within a few years. We shall continue with the privatisation exercise, the purpose of which is not only to increase revenues but also to reduce the unnecessary role taking of the state.

By substantially reducing the rate of state redistribution, cutting back the state household deficit and gradually reducing the now financially paralysing level of state debt, the Government of the Republic will create the conditions for commencing a real cut of the tax burdens on businesses and citizens by the end of the government term, so that we can move towards establishing a more transparent taxation that is simpler, represents a uniform rate of taxation for the majority of citizens and which points towards a flat-rate tax system.

The reforms to start and the transformation of large systems can yield savings after a few years only. Even if the reforms will result in reduced costs in a few areas also on short term, we need measures that can achieve a real cut in the wasteful spending of the state without risking the safety of services.

For the rapid creating of the equilibrium and parallel to cutting the expenses it is just indispensable that the state does not reduce but rather increase its revenues over the next one or two years. In addition to postponing the programme of tax cuts, also measures are necessary that enforce the concept of a just distribution of public burdens by increasing the contribution of the citizens and businesses to common spending in certain areas and, at the same time, serve our longer term economic social policy and developmental targets.

By cutting the expenditures of the state and increasing its revenues, we shall create the state of equilibrium that is essential for long term growth and also for our accession to the eurozone by the middle of the government term. The reform processes spanning over the entire operation of the state will result in

securing the longer term conditions for safely maintaining the equilibrium in the future.

The better equilibrium creates better conditions for the development of businesses, it expands their possibilities to access credits, and so their competitiveness will improve substantially as they participate in the large development projects of the coming years. While investments and exports will grow rapidly in 2007-2008, the moderated volume of domestic consumption is expected to slow down economic growth to around 3-4%. However, in the second half of the term, the economy of Hungary will see a new momentum, and the process of catching up will accelerate as the conditions will no longer be burdened by equilibrium problems – the rate of growth can reach 4-5%, or even more if we calculate with the positive impacts of a decided transformation process and an external boom.

We do not ask for unbearable sacrifices from the people to achieve the equilibrium. While the growth rate of incomes will slightly slow down and inflation will temporarily accelerate slightly, we shall aim at preserving the high purchase power of incomes that we have achieved also in the next two years. And the raise of pensions, the more just distribution of family support and social benefits will make sure also in the years of restoring the equilibrium that there can be an improvement in the living conditions of the elderly and those with children. The second half of the government term will see again an increase of salaries in proportion to the growth of productivity, reduction of the rate of inflation and, as a result of the reform processes, improvement of services provided by the state, healthcare, education, social benefits and public administration.

HEALTHCARE REFORM

The Government of the Republic wants to make sure that the physically and mentally healthy age of the people increases also in Hungary, so that everybody has an equal chance to reserve their health or to access all necessary, high quality healthcare services if they fall ill.

One of the major obstacles of renewing healthcare is the approach – also plagued by certain irresponsible political rhetoric – under which the state has almost unlimited liability in providing healthcare services, while the users of these services enjoy extensive rights and liberties. A joint responsibility and an individual right – that is how healthcare works today. Currently, all stakeholders are interested in making the smallest possible contribution to financing that secures the delivery of this joint responsibility, while everybody would like to get the best and most of services when accessing them.

The health of people is not only a private matter. A strong and competitive economy can only be built from people who can preserve and restore their health. Health is a public matter, and not only public responsibility. Our policy is built on the concept of responsible partnership. Because the assets of health are public assets that are finally possessed by the individual, therefore the state must create the possibility to preserve and restore health, but the primary responsibility must be borne by the individual.

In order to be able to implement our health policy objectives, starting the overall and actual reform of the healthcare system cannot be delayed any longer. In the framework of the 100 Steps Programme we started the transformation of healthcare that has been postponed for many years; we decided that the healthcare system would be built up on an insurance basis that also enforced social solidarity; and we started to create the conditions necessary to implement this. However, what is needed now is not only the continuation of this but also the acceleration of the changes and the launch of substantial reforms to create an insurance system that can manage the contributions of payers, i.e. public funds in a responsible way while providing a more equitable, more just and better quality healthcare service to patients.

Transforming Healthcare

The next four years will see a substantial reform in healthcare. By clarifying the scope of private and public liability, defining service packages and

creating a framework that recognises both competition and solidarity, we shall create the regulatory, institutional, financial, operational, supervisory and guarantee conditions for an insurance based healthcare system by the end of 2007. These changes must also go hand in hand with a moral renewal that can lead to the elimination of gratuity moneys, i.e. corruption. The government will decide about opening up the health insurance market to several insurers after establishing the framework conditions for an organised and regulated market.

In order to establish the insurance based healthcare system:

- We shall define the range of services that are due to all insured persons equally in every part of the country in the framework of mandatory health insurance, and also the ones that are not covered by insurance. We shall define the range of minimum services that everybody is eligible to without regard to their insurance status.
 - Every person staying in Hungary can access public healthcare and epidemiology services and those related to the immediate protection of lives, mother and infant protection even without insurance. The funds necessary for this purpose are provided by the central budget.
 - The insurance package includes healthcare services necessary for preserving one's health and for therapy. These are accessible to those insured persons who meet their contribution payment obligations, and also to those beneficiaries who are covered by the contribution payments of the state in cases defined by the law, particularly children, pensioners, social benefit payees and registered unemployed. All insured persons can learn about the healthcare services guaranteed under the mandatory insurance system and the quality requirements of those on the basis of mandatory, approved healthcare service protocols from 2007 onwards.
 - We shall define the range of services not covered by mandatory health insurance (e.g. aesthetic surgery, hotel services, unjustified procedures, the use of service providers other than recommended by the doctor, certain unreasonable risks). These services will be available against fee payment or under a separate insurance policy.
- We shall create the system of registration and monitoring of contribution payments. The legal insurance relationship existing theoretically only because of the lack of such a system so far. Only those persons will be eligible to access the full range of services of the

health insurance fund who are covered by actual contributions paid. Therefore we shall operate an integrated tax and contributions registry system that allows precise tracking of all contribution payments from insured persons from 2007.

- The EU-standard health insurance card will be introduced in 2008. This will allow a continuous control of whether or not a user of any particular service has paid their contributions, or whether they can access services beyond the basic healthcare package against fee payment only.
- The electronic record system allowing full scale tracking of patient care and services used will be implemented also in basic care.
- The definition of regional priorities of development and infrastructure development will allow us to establish a high quality healthcare institutional system by 2008 that matches capacities to needs and secures equitable and equal, high quality services.
- We shall encourage healthcare institutions to transform into economic entities that can conduct a more flexible and efficient business, and we also support the controlled involvement of private capital in providing and developing health insurance services. The basic requirement for that is to secure predictable, plannable, stable financing. In order to monitor the proper use of public funds, economic and financial rules of public healthcare institutions will be approximated to the competitive sector from 2007.
- In addition to creating a quality offer of healthcare services, securing better care and reducing the burden of those working in basic care also requires that we reduce the volume of unjustified, useless and much too frequent use of healthcare services on the side of the insured.
- In order to reduce the growth rate of pharmaceutical spending, which is a burden on both the insurance system and the insured, we aim at a long term agreement with pharmaceutical manufacturers, we continue the generic programme, update the system of pharmaceutical reimbursement, and cut back the unreasonable demand for reimbursed drugs. The system of pharmaceutical distribution will be re-regulated in order to protect the interest of patients.
- We shall create the authority supervision of the healthcare system that can represent the interests of the insured with proper weight in addition to providing professional supervision. This makes it necessary that the authority has powers in quality assessment and consumer protection. It should guarantee that the general public can learn about

all essential data of the health insurance and service system in the required format and according to relevant procedures.

- We shall work out an overall human resources strategy in healthcare that opens new career options for doctors and healthcare professionals, and we shall also make sure that the regulations of the European Union on working time can be enforced better. We shall improve the professional and financial recognition of general practitioners working in disadvantaged regions, and we shall also continue to adjust the salaries of healthcare workers. Membership in healthcare chambers will be voluntary.

More Health

The purpose of all of the changes is to improve the health status of the people, to achieve more health. Our assets and resources should be focused on the prevention of diseases that lead the morbidity and mortality lists. The financing requirements and funds for priority objectives will be defined on long term by the end of 2006.

- Screening tests conducted under the National Anti-Cancer Programme will be rolled out and available to all; we shall continue with establishing the network of oncology centres and creating state of the art conditions in diagnostics and therapy.
- For the prevention and treatment of cardiovascular diseases we shall conduct a full survey of the cardiovascular status of the citizens; a standard network of therapeutic centres and a complex rehabilitation system for various diseases will be established.
- The most important objective is to make sure that our children are born and can grow up in health. The launch of the National Infant and Child Health Programme will be an important step towards ensuring that the now existing huge difference in chances of children for a healthy life before birth is reduced; every child – irrespective of their place of residence or the financial standing of their parents – should receive equal, high quality healthcare services. The implementation of this programme is also an important part in fighting child poverty and related healthcare disadvantages.
- We shall fight against addictions and the consumption of illegal substances in partnership with church, organisations and NGO's that are prepared to participate in this work. Addict patients will not be treated as criminals, we shall fight against the consumption of illegal substances primarily through social partnership, the tools of prevention and treatment.
- Pursuant to European Union requirements we shall strengthen our activities in public health and epidemiology and food safety to serve the security of the society.
- We shall continue the modernisation of emergency healthcare services and the development of the National Ambulance Service. The combined regional standby system will operate on the basis of new principles throughout the entire territory of the country. The transformation of the emergency and standby system and the use of new work organisational methods will also help us in meeting the

European Union directive on working time. Home patient care will be developed.

- With the massive healthcare investments of the New Hungary Programme and the establishment of state of the art therapeutic centres we shall renew the healthcare service system, so that patients can access high quality and modern services everywhere in the country.
- Healthcare services based on natural therapeutic resources will be developed: we support the development of medical spas, medical and health tourism and the Hungarian health industry with particular regard to pharmaceutical manufacturing and research, and their catching up to the best in Europe.

REFORMING EDUCATION

The globalised world of the twenty-first century offers unprecedented opportunities but also a competition of a scale that we have never seen before. Hungary can only be successful in this world if the knowledge, skills and professionalism of her citizens are turned into one of our major assets.

The Government of the Republic does not only want to accommodate to this world but also to win and lead in the competition of nations, so we believe that an education of the highest quality that can enfold the talent and creativity of our children is the most important investment into the future. However, the continuous modernisation of the educational system should not stop at improving the quality of education but also reducing the grave differences in the opportunities that our children enjoy when they want to acquire knowledge. We want to establish an educational system that creates the opportunity for every child to acquire knowledge that leads to a safe livelihood and a desirable profession with the ability of continuous adaptation to the new irrespective of the financial standing of their parents or the place of birth.

Knowledge and education are able to break the chain of inheritance of disadvantages over generations, and can turn the success and realignment of the country into stories of individuals, family successes, catching up and prosperity. In order to attain these objectives we shall continue and deepen the educational reform we started in the previous four years, so that a better and more just educational system can be created in Hungary. We believe that it is only with these changes that we can provide truly equal opportunities and modern, useful knowledge to the young.

Equal Opportunities, Modern Public Education

What a person will and can be is decided early on: in public educational institutions. That is where our children should receive that kind of knowledge or even more importantly the ability to acquire knowledge which they can use to progress, to collect new skills, a profession or diploma that leads them to happiness. This is the reason why the institutions of public education and teachers working in them (from kindergarten to high school) are not only required to communicate the highest possible level of knowledge but also to grant an opportunity for catching up to every child starting with disadvantage.

Quality in Education

- The next years will see an unprecedented school renovation programme which includes the modernisation of 1000 schools by 2013 with the full reconstruction of 300 schools. We modernise the heating and lighting systems of schools and the building of gyms and school swimming pools.
- The most important task of the elementary school is to teach fundamental skills. This is why forms 1-6 will have a fundamental focus on skills development and the spreading of differentiated educational methods that also recognise age characteristics. We shall also further reduce the burden on pupils that comes from unnecessary lexical knowledge. We shall increase the time of non-faculty education in forms 5-6.
- The progressive introduction of the National Curriculum will continue. We want to update the education of natural sciences. We shall also start with the introduction of a new system for the approval of course books so that pupils can acquire useful knowledge.
- We shall preserve and, on the basis of experience gathered, develop further and simplify the system of the two-tier baccalaureate degree.
- We shall continue with modernising foreign language teaching, preserve and develop the system of foreign language preparatory courses. By 2010 we shall make it possible for every secondary school student to learn English as an individual right, as English has become the fundamental linguistic vehicle in global communications.
- We continue the use of information and communication technologies in schools: the role of the “Sulinet” Digital Knowledge Base will be

increased, and we want to strengthen the culture of digital literacy; while individual learning needs and opportunities will be supported through multimedia possibilities.

- The general measurement, assessment and quality development system of public education will be rolled out.
- We promote the operation of multipurpose institutions (secondary grammar school, secondary vocational school, vocational school combined).
- We change the proportions how the financial burdens of sustaining schools are carried. Normative funds will be adjusted to the recognised training costs, and the system of normative financing will be simplified. Basic education in arts will receive differentiated support depending on quality.
- We shall review the rules and procedures of the employment of teachers and non-teaching professionals (mandatory number of classes, out of curriculum activities, civil servant status), and these rules will be changed in the interest of individual and leisure time activities and development work with pupils. We shall strengthen the differentiation in the salaries of teachers based on actual performance. Additional payments to class masters and heads of institutions will be increased gradually.

Reducing Unequal Opportunities

- Wherever possible we shall keep the first four classes of elementary school in small settlements. A guarantee for the quality of education: these small schools should operate as member institutions of another elementary school in the region that operates with all eight classes. Transport will be facilitated through the instalment of school buses, so that children living in smaller settlements can also learn in modern institutions that provide state of the art knowledge.
- We shall promote the establishment of schools with twelve forms that implement a unified educational programme with the support of partnerships among sub-regional or communal schools, and also the individual support of certain schools. Sub-regional partnerships in public education will be in the focus of our attention, associations for the sustenance of institutions should exist on a sub-regional level. This is why we support the idea that sub-regional associations should receive the rights to sustain schools.
- We shall improve the conditions for children coming from strongly disadvantaged settings to access kindergarten; we promote the establishment of kindergartens and schools that stand under joint

management and implement a unified professional programme. We shall enforce the rule that children from disadvantaged settings should be admitted to kindergarten from the age of three.

- We shall act against segregation in schools. The catchment areas of schools will be delineated from September 2007 in such manner that there can be no segregation against children with multiple social challenges. The anti-discriminatory monitoring system will be developed further, and we rely on the participation of the non-governmental sector in order to eliminate discrimination from education. We shall continue the “Leaving the Last Bench Programme”. We shall keep the normative payments for enfolding abilities and integration.
- We shall make sure that children living with disabilities can learn with their peers if their condition allows.
- The hospital school network will be established on a regional level. These will be places where individuals suffering from serious illnesses can learn. Families will be supported in preparing the pupils concerned through sub-regional programmes.
- We shall upkeep the measures limiting the failure of pupils so that they have to repeat a form, preventative programmes are aimed at avoiding the erosion of pupils.
- Relying on our successes so far, we shall continue with the “Útravaló Scholarship Programme” that supports the individual development of as many as 20,000 students in disadvantaged situation.

Vocational Training – Marketable Skills

A general reform has started in vocational training under the relevant measures of the Vocational School Development Programme and the National Development Plan. One of the objectives of modernising vocational training is to make sure that the structure of training, the number and level of preparation of graduates can match the requirements of the economy and the labour market in the best and most flexible way possible. Pupils should receive marketable knowledge, and they should be enabled to continuously renew their skills. The institutional system of vocational training should not only serve the young but also provide adults with the opportunity to obtain new and new knowledge and jobs through lifelong learning. The new strategy of developing vocational training serves the implementation of these objectives.

- The number of the 16 Regional Integrated Vocational Training Centres that will start to operate in September 2006 will be added another 30-35 institutions over the next four years. Some 80% of people participating in vocational training can learn in properly built and equipped institutions that offer up-to-date IT tools according to the needs of the twenty-first century by the end of the government term.
- Economic chambers will have a bigger influence on the definition of the contents of vocational training and in technical examinations, and thereby in the quality assurance process of training. The professional advisory bodies set up alongside vocational training centres and vocational training institutions with more than 500 pupils will be authorised to define the vocational structure offered by the institution, so that the structure of training can be approximated to the real needs of the local and regional labour market.
- We shall work out a proposal for the transformation of the normative financing scheme of vocational training. The subsidies paid out to institutions will be differentiated according to the job finding rates of pupils; the accounting of study contract related costs of businesses will be simplified further; the administrative burdens on businesses participating in vocational training and of bidders applying for the fundamental vocational training subsidy will be alleviated. Institutions that offer training courses for missing professions will receive priority subsidies.
- Education in forms 9-10 of vocational schools will be restructured, so that job orientation and practical training get bigger emphasis.
- The IT system of vocational training will be modernised so that it can offer quick and useful help in job decisions on the basis of monitoring changes of demand on the regional and local labour markets.
- The recognition of skills acquired earlier in the course of vocational training and the transformation of the entire training process into a modular scheme will make sure that any knowledge acquired can be recognised in additional vocational training and general secondary education.
- The system of independent examinations will be developed further, because this can provide objective assessment and evaluation; the EU conform quality assurance system of training will be worked out.
- We support the development of professional foreign language skills of young people participating in or graduating from vocational training.

The rate of those leaving and eroding from the educational system will be reduced. Pupils in a disadvantaged situation who do not comply with

obligatory schooling can participate in preparatory courses for vocational forms from September 2006.

Competitive, Quality Higher Education

The Hungarian Universitas Programme has already launched necessary reforms. The coming years will be dedicated to the implementation of higher educational reform. With the introduction of the Bologna System of education, the entire basic training will start according to a new system of faculties from September 2006. Masters courses will be announced continuously from the academic year of 2007 onwards. In a few years from now the degrees and diplomas of individuals leaving Hungarian universities and colleges will have equal ranking with any degree obtained from any other institution in Europe. Having said that, if we want to make sure that the degree actually represents knowledge that the economy and the society need, if we want to see that the knowledge of graduates meets the requirements of the market, the developing Hungarian economy and civil service, additional substantial changes are needed over the coming years.

- The capacity of higher education, the structure of training and the requirements with regard to knowledge obtained will be linked closer to the needs and requirements of the globalised labour market, and the conditions for practical training will be developed. The definition of the number of students funded will be done with the involvement of employers and stakeholders of the labour market. The number of students admissible to technical and natural science faculties will be increased within the framework of central state financing of studies.
- State financed training forms (evening universities, distance learning) will be made part of adult training to be financed by the Labour Market Fund if necessary.
- The establishment of the system of lifelong learning and adult training will continue on the basis of higher educational institutions. The international compatibility of the credit system will be rolled out. The training subsidy can be used for study elements conducted in abroad.
- In order to concentrate the financial and intellectual resources of regions and to create a critical mass of knowledge and professional bases, we shall strengthen the role of higher educational institutions (research universities) as regional knowledge centres that are able to attract new, innovative businesses and motivate the development of regions.

- In order to enfold scientific performance and talent, we shall grant priority support to special colleges, and the college of national excellence will start to operate in 2007. We shall transform PhD training and introduce the new scholarship system, the “Eötvös Loránd National Career Fellowships” in 2007.
- The institutional and sector quality development system will be established in 2006, and the ranking of institutions based on their performance assessment will be published from 2007 in order to reflect the relevant opinions on domestic and international scales.
- In order to achieve the sustainable and more just financing of higher educational institutions than today, the state financed training will include a subsequent training contribution to training costs (individual training account), and we shall examine the conditions for introducing training against tuition. The tuition fee payable after non-reimbursed training forms may not be less than the combined amount of the training and maintenance norms.
- We shall continue to provide special subsidies for the learning and housing conditions of students in disadvantaged situations; we retain the positively discriminatory admission rules for these students and the mentor programme.
- We make it possible that employers assume the repayment of student loans.
- We strengthen the conditions at higher educational institutions for an autonomous, responsible and cost efficient business. We shall improve the entrepreneurial, income generating potential and innovation ability of institutions. The authorities of the Economic Council will be supplemented by asset management powers. The budget and financial reports of the higher educational institutions are submitted to the Senate by the Economic Councils of the individual institutions. The higher education risk hedge fund will be established in 2007.
- We shall complete the infrastructure renewal programme of higher education. 10 thousand new and 20 thousand renovated student home places will be available by 2007.

DEVELOPING, SUCCESSFUL REPUBLIC

As a member of the European Union, Hungary has been granted a historical chance to not only adapt itself to the world, but also to be in the winning team in the competition of countries relying on its own resources and the support of the community of Europe.

With the reform of state and the services provided by the state, by creating the long term equilibrium conditions for growth and the implementation of the largest development programme of our history, the Government of the Republic creates conditions that allow individuals and businesses to exploit new opportunities for their own prosperity and the betterment of the country. However, success needs more than that. The state can only help those who want to get to the top, however, it cannot substitute for the personal efforts of the citizens. Nothing but the will, knowledge, skills, creativity and diligence of the citizens can make this country successful.

The purpose of development is to make sure that Hungary can stand global competition. We believe that competitiveness is not a simple economic category. It also includes the joint load bearing capacity and adaptability and cohesion of the society. There is no competitive economy without cohesive society. The primary objective of the investments of the developing state is the human being. Human knowledge, health and culture – the competitiveness of the society and the economy are built on these cornerstones.

THE NEW HUNGARY PROGRAMME – THE DEVELOPING STATE

Hungary as a member of the European Union can implement the largest development programme of its history in the coming years. If we can achieve a good use of the resources then we can substantially reduce our infrastructure deficit, exploit the competitive advantages and increase the number of employees.

It is the responsibility of the government to set clear objectives for the country, and the development projects will serve this objective. We can

create a successful Hungary that is also a winner in this competition if we invest the funds available to Hungary into development projects where our basic conditions are good, and where we have the most talent and ability to not only follow but to be in the forefront.

Locomotives of development

Products and services with high added value are the locomotives of development: state of the art industry, innovative industries, business and trade services (including business service centres) and tourism. These are the three directions that can lead towards a successful Hungary built on Hungarian specificities.

Modern industry

When creating a modern industry, the development funds should focus on 6-7 branches of industry that rely on the knowledge and talent of Hungarian engineers and create high added value. We can become leaders by exploiting our specific abilities in electro-technical supply, automotive supply and manufacturing businesses, pharmaceutical manufacturing, biotechnology, bio-energy and info-telecommunication. The development of the bio-energy industry can also create new opportunities for the development of agriculture and rural areas in addition to promoting the use of cleaner energy sources.

We shall facilitate the flow of working capital into these industries. We provide special training programmes, the targeted restructuring of school education for career starts and launch adult training programmes financed jointly with employers to satisfy the need for workforce offering appropriate professional skills. We enter into long term strategic partnerships with international businesses partly to make sure that they prefer Hungarian small and medium sized businesses as suppliers and partly to widen their research and development operations.

Hungary as a Financial, Logistics Hub

Building on the specificities of the country, we might become one of the financial and logistics hubs of Europe.

- We shall use the opportunities that stem from having two major European rivers and four of the nine most important European transport corridors crossing the country. The development of these routes and the connecting services bases will lead to the creation of new logistical systems. With the development of the conditions for logistical services, by creating a market-friendly regulatory and business environment and with the use of development incentives

available through tenders we promote the setting up of new intermodal logistic centres (that link various transport modalities).

- We urge that the regional business service centres of more and more international corporations are relocated to Hungary, and they should expend their activities because they work on the basis of high quality knowledge and employ new career starts with even several university degrees, and thus build on the competitive knowledge of Hungarian employees.
- The rapid development of trade and business services will be promoted through decomposing bureaucratic licensing and authority systems, streamlined regulation, partnership in vocational training to facilitate retraining and tenders for subsidies promoting ITC development.

Flourishing, Vibrant Tourism

The traditions and culture of Hungary provide an excellent basis for creating friendly hospitality and vibrant tourism that offers a real multitude of experience. Building on our special features, the development programmes will give a priority to spa tourism based on medical waters and co-operating with the health industry. Private and community initiatives targeting infrastructure development for conference tourism, private and community partnerships for the development of rural tourism will be equally important. The use of medical and thermal waters will be supported through development and tender subsidies; the restoration of historical spas will continue; recreational areas will be developed; and the development of the Balaton region and the neighbourhoods of the Danube and the Tisza as priority tourism areas will be promoted in the framework of a standard and co-ordinated regulatory programme.

Developing the Traffic Infrastructure

Continuous development of the transport and ITC infrastructure is needed to make sure that Hungary is not fragmented into islands of settlement clusters that live in various historical eras and life forms. Breaking isolation and self-sustenance through the co-ordinated development of the infrastructure network is a condition for the employment of workforce available in various regions and the creation of interrelated development associations and open regional partnerships.

Expanding Road Network

The speedway network development plan of the New Hungary Programme and the detailed schedule for the implementation of that will be formulated in an act. Motorways will reach the borders of the country, speedways will link major cities by the end of this term. This will open up new opportunities for investments and the establishment of business service centres in areas of the country that remain isolated today. We shall complete the construction of motorways M6 and M7. In order to eliminate the Budapest-focus of traffic in general, we shall construct another section of the speedway roundabout around the capital with an additional possibility to cross the Danube, and we also continue building the speedways M8 and M9.

The National Road Modernisation Programme will contain the schedule of renovation of national public roads; and we shall complete the 11.5 ton road surface strengthening programme that aims at building a stronger road surface on the most used road network.

The development of communal traffic in towns and suburban areas will also be high on the priorities list.

Regulations and technical requirements on transport development will be reviewed. Our objective is to decidedly enforce traffic safety aspects and to use the most cost efficient solutions that are available.

Clean, Precise and Modern Railroads

The objective of our policy regarding railroads is to create and sustain a railroad network that operates and remains modern, functional and qualitative on a European scale. This will be attained through the launch of reforms in passenger transport and the continuation of the already commenced railway reform in cargo.

In passenger transport we shall reduce the burden of road traffic by creating a more comfortable, faster, more accurate and more attractive suburban and long-haul rail traffic. However, it is essential for the improvement of service quality not to finance parallel traffic modalities from the scarce resources available: therefore the railroad and public road services required by the state and its organs, i.e. regional governments will be co-ordinated.

The overall railroad development and rolling stock replacement programme of the next seven years will be made into an act and started. The development projects will make sure that major cities in the countryside can be reached by state of the art rail connections, the environment-friendly rail

transport will regain its former recognition, which helps strengthening the country's transit role.

Co-ordinated Passenger Transport

We shall create uniform passenger transport regulations with clear delineation of tasks attached to individual service levels (national, regional, sub-regional), the distribution of work and financing. The objective is to make sure that individual transport modalities are chosen according to local characteristics; and the "customer" should decide on the various levels what transport capacity they want to purchase. We should protect taxpayer money, which means that the competitiveness of rail transport will be improved through co-ordinated tariff policy principles, while state enterprises responsible for transport services will be shifted onto a market basis to promote their cheaper and more efficient operations. Thereby the central budget will also be stripped of excess costs due to the existence of unreasonable capacities. Tariffs and discount schemes will be standardised.

We create the necessary conditions for the co-ordination of schedules, transport capacities, the formation of tariff communities between various levels. Development projects are eligible to support from state and regional funds through tenders. The conditions necessary for introducing digital tracking and electronic ticketing in scheduled passenger transport will be worked out.

We start with the development of the tram networks of Budapest, Debrecen, Miskolc and Szeged, and we shall develop bus connections between small settlements, villages and towns.

We shall work out the conditions necessary for creating transport alliances in major cities. We initiate the formation of tariff communities and the introduction of e-ticketing also in large towns in the countryside.

Rapidly Developing Construction Industry

The implementation of the New Hungary Programme is an unprecedented opportunity for our construction and building materials industries. The investment projects will generate an annual additional demand of approximately 600 billion HUF in the construction industry. An additional momentum in this growing demand comes from the new opportunity to subsidise the renovation (modernisation) of existing housing properties from European Union funding. The support provided for the energy efficiency

upgrade of existing housing properties creates an additional important market for small and medium sized construction businesses.

Companies must fight strongly capitalised foreign competitors for orders offered through EU tenders on the domestic and the community markets. A construction industry cluster programme based on the close co-operation of businesses will be used to help these companies prosper. This programme will secure financial discipline and competitive quality by enforcing economic, professional and particularly quality standards in addition to traditional advocacy work.

We shall further strengthen the “whitening” of employment in the construction industries in order to attain a just distribution of public burdens.

Cleaner and Healthier Environment

There can be no welfare without a safe, healthy and pleasant environment. When managing natural and human resources, we must follow the principle of sustainable development for our own and our descendants' interest, because we cannot joint the leading countries unless our economic and societal progress guarantees the quality of the environment as well.

Even if, due to the environmental development projects of the past years, more and more people can enjoy clean tap water, sewage systems and a cleaner and more liveable environment without waste, there are still many who in live settlements void of all of these services. The development projects that have already started and will start in the coming years will provide healthier living conditions for these citizens as well.

- We shall continue the tap water quality improvement programme in the North-Alföld and commence a similar programme in South-Alföld to clean the drinking water for approximately 2 million inhabitants of 600 settlements between 2007 and 2013. A tap water quality improvement programme will be launched in the South-Transdanubian Region and the city of Pécs.
- Currently 65% of all apartments are linked to the sewer system. The currently running 10 major investments will provide a sewer links for 2 million inhabitants of 100 settlements. The nine new sewage draining and cleaning investments starting between 2007 and 2013 will add another 1 million inhabitants in 100 additional settlements. This means that sewer and waste water treatment services will be

completely available in Budapest and every other area with more than 15 thousand inhabitants.

- The implementation and operation of regional waste management systems is an important step towards implementing a clean and healthy communal environment. We start six new regional waste management systems, and another 6 are under preparation to provide proper management of communal waste in approximately 800 settlements with more than 2 million inhabitants together.
- We shall dedicate special attention to eliminating inherited environmental damages. Damage mitigation will continue with Metallochemia, the cave homes in Budafok, the uranium mine in Mecsek and Nitrokémia in Balatonfüzfő.
- We improve the safety of the environment. Floods represent the biggest risk in Hungary, so the development of the protection system will be accelerated. For the interest of those living in the neighbourhood of the Tisza we continue the reinforcement of the weak points of the dam network, the reconstruction of the flood area and the construction of flood control cisterns under the new Vásárhelyi Plan. All missing protective dams along the Danube will be constructed, and flood control facilities along the Körös rivers, the lower Dráva, Zagyva, Tarna and the Hernád valley will be developed. The Carpathian Basin is an ecological unit, therefore we aim at joint actions with our neighbours particularly upstream in flood control and the prevention of pollution.
- Protection against ground water should focus on nationally sound principles. In areas where it is more expensive to drain ground water than the benefits yielded, we support zoning changes.
- We expect extreme and unusual weather situations to happen more often in the future. A rapid early warning system will operate to mitigate local water damages, and a programme will be launched for the fast construction of cisterns in the mountains and hilly parts. Regional development projects will start e.g. in Homokhátság and Jászság to control draughts. The National Climate Change Strategy will be worked out.
- The unified water facilities act will be created to achieve a reliable technical standard, and private capital will be allowed into this sector. The price and competitive authority responsible also for the supervision of water public utilities will be created.
- The status of the Balaton will be improved through additional consequent measures like the full restoration of Kis-Balaton and the complete implementation of relevant sewage and waste water treatment facilities. The Lake Velence will also be freed from waste

water. Rehabilitation programmes will start on Lake Tisza and around the Ráckeve-Soroksár, Gemenc and other branches of the Danube.

- Serving the public benefit instead of achieving self-serving limitations is the primary objective when managing our natural heritage. In order to achieve standard management of state owned assets in protected areas, the co-operation of forestry and national parks concerned and their joint management will be established under new principles. In addition to bodies responsible for fundamental state tasks, there should be asset management companies responsible for the organisation of services to the society. The modernisation of national parks will continue: their roles as image upgrading factors of the given area, job creators, cultural and tourism organisers, preservers of traditions, business organisations and service providers should strengthen. The local community should play an active role in the management of these parks.
- We facilitate the establishment of additional nature parks in valuable natural areas that offer rich eco-tourism opportunities. We shall apply more rigorous rules to preserve and, if necessary, to restore the harmony of Hungarian landscapes.
- We shall co-ordinate environmental management under nature protection and agricultural purposes. Relying mainly on agricultural and rural development subsidies from the European Union, we shall establish the interests of farmers who work in areas of outstanding habitat and bird protection importance (Natura 2000).
- We want to make sure that less and less people suffer from environmental damages, there should be less waste, and less health damaging materials polluting the waters and the air. We shall use a co-ordinated force of the authorities against the most disturbing environmental problems such as the spread of ambrosia, dust and noise pollution, the deterioration of urban greeneries and parks. We accelerate the environmental improvement projects with substantial amounts of private capital in addition to European Union subsidies.

Information Technology – Developing the “Intelligent Infrastructure”

We shall secure the conditions for having broadband internet access in all settlements at an affordable price by 2010. We continue the Public Net

Programme that supplies 7,300 public institutions, and we shall unify the now fragmented governmental IT networks.

Good IT conditions are there to help spread distance work, modern and flexible working forms.

In the area of education we shall continue to supply the younger generations with the software tools necessary to use IT as an efficient tool of their work, studies and private lives. We shall promote the formation of a unified Hungarian and European market of electronic course materials.

The House of Future will be linked to the international network of scientific-technological exhibitions and training centres by 2010, so that the ever renewing toolbox of modernisation and the results of domestic and international research and innovation become accessible to all.

The use of the tools of the information society, i.e. digital literacy is just as important today as reading and writing used to be once. We shall launch programmes to make sure that digital literacy can reach the European Union average also in case of the elderly, those with lower school education, inhabitants of small settlements, people living with disabilities and women.

We shall promote businesses that offer broadband internet content services.

We shall continue the development of Hungarian digital knowledge warehouses (National Digital Database and National Audiovisual Archives). All educational institutions and libraries will provide access for their patrons to digitised contents by 2010. Businesses offering the production and distribution of commercial digital contents will enjoy preferential conditions.

DEVELOPING HUNGARIAN BUSINESSES

Roads, bridges, ports, dams and waste management facilities will be constructed everywhere in the country as a result of the New Hungary development programme. Hospitals and schools will be renewed, entire town districts will be rehabilitated, we shall develop logistical centres and modernise hundreds of thousands of prefabricated housing estates. Our objective is to make sure that Hungarian businesses are the main winners of these developments. We pursue an economic policy that does not limit the freedom of competition or provide unjustified advantages to domestic businesses, but rather prepares Hungarian small and medium sized businesses for standing the competition with the necessary support and opportunities provided.

The Growing Market of Small and Medium Sized Businesses

More and more small and medium sized businesses should be able to participate in the development projects of the coming years. They should spend their additional revenues from growing markets on expanding their activities, developing technologies and improving their competitiveness. The state will help the expanding opportunities of Hungarian businesses both as a customer of goods and services and through the necessary legal regulations.

- The modification of public procurement rules will make it possible for the winner of the public procurement project that the rights granted to them including a shorter payment term can also be delegated to supplier businesses; the submission of joint proposals will be allowed for a wider range of partner businesses in public procurement projects. We shall make sure that small and medium sized businesses can access help professional counselling and completion guidance for the preparation of their proposals so that they can participate successfully in public procurement projects. We shall use recommendations to customers to establish a procedure that is not disadvantageous for small and medium sized businesses.
- We shall simplify a number of laws on the economy to make it easier for businesses and to improve their competitiveness. We shall shorten the duration of litigations in business matters; the modification of the bankruptcy act will allow faster compromises with creditors thus improving the possibility of viable businesses to continue and to reorganise their operations. Banning malevolent players from exercising their business for a certain time will be an important new element of the act to protect the cleanliness of business.
- When defining the conditions on benefits and support to large investments, we shall be looking much closer on the highest possible content of domestic small and medium sized suppliers.
- Ensuring that the establishment, transformation and termination of a business incurs the least possible burdens and impediments is a requirement for a dynamic business environment. We shall secure the simplification and acceleration of state procedures by creating the conditions for full scale and mutual electronic administration.
- Businesses that are stronger than today, co-operate with each other or even merge if necessary can feel much safer in the competition – this is the reason why we shall also apply subsidies and preferential

financial resources to facilitate the establishment and development of business networks, organisational links and concentration.

More Credit and Easier Access

The amounts of financial resources available to businesses will be increased substantially. In order to significantly improve the credit accessing abilities of micro-, small and medium sized businesses, we shall renew and completely transform the entire business financing system by establishing a complex scheme of corporate credit opportunities and refundable state subsidies that is tailored to the size, individual features and operational life cycles of businesses. The new financing schemes can provide access for 100-150 thousand businesses to developmental and operational loans, guarantees and capital between 2006 and 2010.

- The credit possibilities of the “For a Successful Hungary” credit scheme will be expanded. Access to development funding from the European Union will be secured through a supplemental credit opportunity for the co-financing part, and the documentation of state subsidies will be standardised. We believe that improving the lending conditions of agricultural micro-businesses is a priority task of the national agricultural policy.
- We shall renew and extend the micro-finance system: complex programmes offering subsidy, loan and capital will be launched for career starts, new and young businesses. Access to credits will be eased further by the expanded credit guarantee scheme. The guarantee fee of state credit guarantee institutions will be reduced to less than it is now by 2010. Export lending will be renewed, whereby small and medium sized businesses will become the key beneficiaries of state export subsidy.
- The establishment of regional capital funds will be the solution for young career starts and the individual requirements of start-ups and young businesses with tailored initial and seed capital investments and credit finance. These funds can also involve private capital in addition to budget and European Union funding. In order to achieve an increased involvement of private capital, we shall facilitate “business angel” type investments and the spreading of intercompany development capital for the development of innovative businesses with high developmental potential that use the latest research results in practice.

We create a supported environment for businesses that motivates development, improves efficiency and competitiveness. We transform the institutional system of business financing in order to simplify the access of businesses to credit, capital, state subsidies and guarantees. The widening of the activities of the Hungarian Development Bank and its transformation into a business development bank will lead to the harmonisation of all enterprise financing activities. On the basis of co-operation with commercial banks and local enterprise agencies and the transformation of the Hungarian Development Bank will establish a service providing institutional background, a true “single-counter” financing institution that has been required by businesses for long. Entrepreneurs can submit applications for loans and subsidies with their own banks, in one place. The process of lending and tendering will become simpler and faster, while the possibilities of corruption can be reduced radically at loan assessment and support decisions.

As part of the new business promotion system, the “funds mediation single-counter service” will be complete with a complex service of business, tender and public procurement consulting, project management and regional economic organisation agency to promote businesses.

INNOVATION AND SCIENCE

Innovation for Business Competitiveness

Beyond the market and the subsidies and credits, the success of Hungarian businesses also depends on whether or not they are able to respond to the challenges of the fast changing world with continuous innovation. We have set the objective that more and more Hungarian entrepreneurs can participate in the creation of research and development jobs, so that knowledge is not confined within the walls of universities and research institutions. This is why we shall establish a national scientific research and development, innovation system that can respond to the aspects of both international excellence and business efficiency.

- Research sites able and prepared to compete will be strengthened so that they can develop competitive domestic businesses and products. We support corporate research and development and innovation, the establishment of company research sites, and we promote the co-operation of businesses and research sites. We establish an innovation friendly legal and economic environment. By setting up development poles we shall reduce the regional disparities of the national innovation system, and the workshops producing research results will be shifted closer to those interested in the exploitation of these results.
- We shall co-ordinate the rules and actions of the Research and Technology Innovation Fund and other state funds promoting innovation and competitiveness. The programmes will allocate special support to the development and use of material and energy efficient solutions that support sustainable development. We support the acquisition, renewal, maintenance, protection and enforcement of industrial rights, and the adaptation and import of foreign technologies that are important for domestic businesses. We shall simplify and adjust to the needs of interested businesses and transfer organisations the tendering and monitoring systems.
- Relying on the experience and help of regional innovation agencies, we strengthen advisory, training and educational activities in the regions and the development poles to help small and medium sized businesses. We promote the development of original Hungarian products and their introduction to the international markets. We also support the organisational and management innovation of small and

medium sized businesses in addition to technological innovation, and also the strengthening of their entrepreneurial skills.

- We support the setting up and operation of technological incubator sites in leading industries, and also the establishment of industry parks that provide innovation services. We promote the international scientific and technological partnerships of Hungarian businesses, the research-development and innovation oriented investments of foreign companies in Hungary.
- We shall establish a system of rules and regulations that promotes the efficient use of intellectual property and the simplification of the rules on establishing a business and making capital investments. We support programmes aimed at setting up innovation parks, innovation centres and innovation clusters in leading industries. We urge the implementation of innovative projects within the frames of the Development Poles Programme. We support the establishment and more efficient operation of technology transfer centres in order to promote the exploitation of patents.
- We shall launch programmes to support and popularise education and careers in engineering and natural sciences, and to form innovative educational methods in co-operation with the employers. We support the establishment of a vocational training that can satisfy the human resources needs of businesses, and practice oriented PhD training. We promote mobility: the acquisition of international experience, the flow of professionals among businesses and research sites, the return of talented researchers to Hungary, and the R+D activities of outstanding foreign researchers in Hungary. We support the co-operation of higher education, the Hungarian Academy of Sciences and the research sites of foundations together with an improved bidirectional flow among these institutions. We shall increase the rate of assessment and performance based financing in the use of central budget funds.

Science

Economic or societal innovation can only be successful if it rests on the solid foundations of the recognition and support of scientific research that represents superior intellectual value. Globalisation brings about a change in the role that science, scientific institutions play in the lives of individual nations, and the role of basic research appreciates that promotes the understanding of the identities of national communities and the integration process of individual nations.

- The Government guarantees the liberty of basic research at the Academy and in higher education.
- The Government motivates the establishment of flexible and concentrated partnerships of research and higher education institutions that can, beyond the professional conduct of basic research, provide the right framework for long-term programmes and interdisciplinary research. We support the connection of Hungarian research capacities – researchers, groups, workshops, schools and organisational units – to international scientific networks. With the use of EU funds we aim at the establishment with research and training networks where the number of researchers reaches the so called critical mass required for success. Participation in the new basic research programme of the EU get priority support.
- The Government believes that the further development of the scientific, research and development institutions is necessary in order to improve the international excellence and business efficiency of institutions.

NEW ENERGY POLICY

We shall renew Hungary's energy policy while we pay attention to the safety of supply, competitiveness and the requirement of sustainability. The continuity of energy supply will be secured, the quality of supply improved and energy efficiency promoted.

Energy Safety

Securing the safety of energy supply is an essential interest of Hungary. We shall reassess domestic possibilities in order to decrease our dependence on imports: the number of purchase sources will be increased; stocks will be accumulated; we shall use new transport methods and routes. We shall continue our already successful foreign policy and aim at mutually balanced bilateral relations with countries that play an important role in our energy supply.

Opening the Market

We are obliged within the European Union to achieve full liberalisation of our electric power market by 2007, which we want to implement through a market model built on new bases and enforcing market competition. For this purpose we shall create a new operating model that defines the working procedures and rules of the new, liberalised market. One of the corner stones of the new market model will be the revision and, if necessary, amendment of the long term power purchase agreements and long term electricity purchase and sale agreements between power plants and the public utility wholesaler. We wish to change the agreements with regard to the interests of consumers and industry stakeholders and the pending audit of the European Commission.

The full market liberalisation by the middle of 2007 will create competition on the energy markets. This allows the lowest possible consumer energy prices to be enforced under the given market conditions, and also improves the efficiency of the supply system.

We shall introduce a social subsidy system to ease the burdens on the citizens and to compensate increasing international energy prices.

Increasing the Rate of Renewable Energy Sources

In addition to traditional fuels, we shall implement a substantial increase in the use of renewable energy sources in line with the expectations of the European Union, with particular regard to the use of biomass: plant-based fuels, bio-fuels. The use of biomass can bring a breakthrough for people living in the countryside – it creates a number of jobs and contributes to the structural change of agriculture that is indispensable for a competitive business. We support the use of 2-3 million tons of cereals for energy production, and also the planting and cultivation of fuel plants necessary for the production of bio-fuels.

The subsidised acceptance rules of electric energy produced will be reviewed, and we shall change for a tender procedure to make sure that subsidised mandatory acceptance can be distributed on a non-discriminatory basis among all players who invest into renewable projects.

In order to reduce and diversify the relative energy consumption rates that are higher in Hungary than in the international arena, we shall lay more emphasis on promoting and supporting development and investment projects targeting energy efficiency and the use of renewable energy sources. We want to lead the citizens and businesses towards energy efficient solutions also with the use of financial incentives.

With the use of Hungarian financial resources and those from the European Union, we shall strongly promote energy efficiency increasing the competitiveness of businesses, reducing the burdens on citizens and serving sustainable development. Research and development programmes related to energy sources will receive priority support, and we shall strengthen our participation in the international institutions of energy technological research and development.

DEVELOPING RURAL AREAS – SUCCESSFUL AGRICULTURE

The developments of the coming years and the integration of now isolated areas into the economic circulation of the country creates new opportunities in rural development. However, the development of rural areas will continue to remain inseparable from agriculture, which plays a major role in the sustainable development of rural areas, the preservation of the rural landscape and the employment and income generation of people living here.

The outstandingly good characteristics of Hungary allow Hungarian agriculture to prevail in the ever strengthening market competition. The objective of the government's agricultural policy is to use the improving competitiveness of farmers for securing healthy and safe food supply to domestic consumers, to continuously increase the export of agricultural products and to provide a safe livelihood to those living from agriculture.

Modern Property Policy

We support farmers in accessing land properties, and we guarantee the conditions for reliable property use.

- Relying on the opportunities offered by the National Land Property Management Organisation, we promote the establishment of competitively sized lands and the merger of properties.
- Exploiting European Union support possibilities, we shall help young farmers to start their business.
- We shall continue the “land for alimony” programme.

Improving the Conditions on Market Entry – Market Protection

We shall improve the conditions of market entry, and strengthen the protection of the market in order to secure safe and healthy food supply.

- The control of agricultural and food products imported from abroad will be strengthened, a standard and efficient organisation will be set up for that purpose.
- We support the partnerships of farmers and smaller units with the purpose of efficient integration, the production of larger volumes of standard products and the better ability to represent their interests in the supply chain.
- We use the opportunities arising from community agricultural marketing, we shall use marketing and market access subsidies of the European Union in an organised and co-ordinated way in order to improve the competitiveness and international recognition of Hungarian products, and to preserve our internal market.
- Agricultural logistics will be developed to support the channelling of agricultural raw materials to users.

Modern, Marketable Production Structure

We contribute to restoring the optimum proportions of plant production and animal husbandry by restoring the production structure; a structure of cross matching existing marketing possibilities will be established within crops production.

- We shall use national subsidies to promote the development of animal husbandry, and we shall also use the opportunities offered by European Union support.
- The size of arable land included in agricultural environmental management will be increased in a differentiated way.
- We shall promote the improvement of the competitiveness of labour intensive branches like horticulture and wine production to catch up with the quality of European Union members states that lead the market.
- We support the production of renewable energy sources of agricultural origin (bio-fuels, energy plants) in order to change the energy structure

of the country. This is also a positive change in the crops structure of Hungary. We shall help the use of agricultural by-products and waste for power generation.

The Agricultural Administration as Service Provider

We establish a customer friendly system of agricultural administration.

- We shall eliminate parallel data disclosures and audits. The single-counter system will be rolled out, and the administrative systems of records and permission will be simplified.
- We shall eliminate regulations that are stricter than those of the European Union so that Hungarian farmers can work among equal competitive conditions.
- Regional knowledge centres will be established for the efficient provision of agricultural professional consulting and the management of co-ordinated research.

Getting Prepared for Changes in the Common Agricultural Policy

- We shall create the institutional and procedural system serving the operation of the Single Agricultural and Rural Development Fund to be introduced from 1 January 2007.
- We shall work out the conditions for the change over from the present area-based supporting system to a farm payment system, and we shall have the farmers prepared for applying the new system.
- We shall steadily enforce our interests in negotiations aiming at the modernisation of EU market organisations (product sector regulation), reform of the Common Agricultural Policy, as well as the alteration of the WTO Agricultural Agreement.

REGIONAL DEVELOPMENT – MODERNISATION TO CREATE OPPORTUNITIES

An unprecedented, experienced volume of development resources will become available for Hungary from 2007. The efficient utilisation thereof could not only provide for the dynamic improvement of developed regions and big city environment, but the catching up of backward regions to the European level, “Hungary of the provinces” as well. For the sake of the rapid development of backward regions, in addition to the establishment of fundamental infrastructure and setting forth the major objectives, an efficient institutional system and single guidance should be developed, which could provide for the most efficient utilisation of resources, thus serving the purpose of modernisation.

We shall decentralise the resources of and decisions concerning regional development:

- Through the local governmental reform, the regional development tasks will fall within the responsibility of regional governments. The county regional development councils and their work organisations will be dissolved together with the local county governments. The regions will establish associations for the development of areas comprising of more than one region (Balaton, Duna, Tisza). The office of the general assembly will perform the tasks. The regional bodies will be responsible for resource distribution and monitoring.
- We shall also make progress of reform value until the establishment of regional governments. Through an obvious casting, we shall put an end to the uncertainty on the medium level. The region will be responsible for the development; and the county as development level will be dissolved. The higher proportion in the regional bodies of elected players of local governments and small regions will strengthen decentralisation. The management of the region will be strengthened through the establishment of the presidential institution, and the responsibility will become unambiguous. The stabilisation of the work organisations, as well as making them more regulated, controllable and less expensive by way of transforming them into publicly financed institutions (similar to small regions) will be carried out.
- We shall strengthen the role of small regions, and integrate the stakeholders of development in a work organisation. We shall revise the territorial arrangement of small regions, and will establish small regions of “economies of scale”.

DEVELOPING BUDAPEST

Budapest plays a central role in the life of Hungary. Approximately one fifth, and together with the suburban areas approximately a quarter of the population of Hungary lives in Budapest. Due to the structure of the country, Budapest has tasks that have significance far beyond its local interests, and on account of their impact made on the entire country the delivery of these serves the national interest. The government considers the Budapest Agreement executed with the capital an integral part of the programme of the Government.

The Government will support the acceleration of both the improvement of public transport, transport and other infrastructural systems, and the implementation of big projects in Budapest. Therefore the Government is committed to the maintenance of public transport, the regional alignment of operation of the different transport branches, as well as to the improvement of the service level. The Government continues to provide the supporting system developed in the earlier form for road resurfacing.

The Government will cooperate with the leadership of Budapest in the course of legislation and programme creation associated with infrastructural and transport improvements and administrative reforms concerning Budapest, involving the capital in the decision-making processes.

In the forthcoming seven years the Government will implement several projects, which will be of significant importance both on national level and for Budapest. Such projects will be the completion of the construction of M0 ring, the construction of the Acquincum Duna bridge and the connecting road network, improvement of suburban railway lines, and the creation of the possibility to access Ferihegy Airport through an express line. The Government, in cooperation with the capital, will implement the construction of Metro Line No. 4; preparation of the construction of Metro Line No. 5; extension of tramlines No. 1 and 3; development of sewage-treatment plant at Csepel together with the connecting main road; the complete canalisation system of Budapest; the development of the sewage-treatment plant in South Buda together with the connecting facilities; the modernisation of the area of the Gas Plant in Óbuda (with functional re-commissioning) and Moszkva Square; the continuation of the refurbishment of the historic thermal spas of Budapest, as well as the reconstruction and functional extension of the Open-Air Theatre on the Margaret Island. We shall develop all by-pass, access and main roads, which will relieve the traffic of the capital and its neighbourhood.

In order to continue the modernisation of the town, an outstanding objective of the Government is to continue the successful Panel Plus Programme, to renew the environment of owner-occupied blocks of flats, to implement social town modernisation aiming at the termination of the falling behind of crisis areas, as well as to implement brown field town regeneration.

The Government will initiate, as a part of the local governmental reform, the modernisation of the competence of the capital. Accordingly, the local government of Budapest will be responsible for technical and infrastructure tasks and developments, concerning the whole or part of the capital beyond a single district, and necessary for the single town operation. In addition to this, it will exercise the competencies of a regional government as well.

GROWING EMPLOYMENT – MORE AND BETTER JOBS

Welfare, security and the growth of the country may be supported by employment, especially legal employment. Through an employment-friendly policy, the Government desires to ensure that the economic improvement and the huge developments do result in the increasing number of those, who are able to provide for their family by their work.

We shall support and motivate that especially the strengthening and improvement of domestic enterprises create several hundreds of thousands of new jobs, which will result in an increase in the current low level of employment even in spite of structural changes, accelerated job changes and job terminations occurring in the forthcoming years.

A key element of the employment policy of the Government is to support and motivate job hunting, and to assist companies and institutions that aim at development with obtaining qualified, well-trained labour force. This is the only way of making use of the development facilities of unprecedented magnitude, and creating possibility for the most disadvantaged regions and layers of society as well.

Subsidies to Increase Employment

We shall motivate through targeted support schemes the employment of disadvantaged participants of the labour market, as well as increasing employment by enterprises operating in disadvantaged regions.

- We shall continue to reduce the burdens of employers, who are employing the most disadvantaged persons:
 - We shall extend the START programme for career starts. We shall provide similar contribution allowances for the employers of those who return to the labour market after childcare or long-term unemployment.

- We shall launch the START EXTRA programme. Employers of the most disadvantaged, or persons who are older than 50 years, or live in the most backward regions will not be obliged to pay contribution in the first year, and have to pay only 15% in the second year.
- We shall continue the already existing programme in order to increase the employment capacity of small- and medium-sized enterprises and NGOs.
- In order to coordinate the local players, to mobilise their resources, we shall motivate the employment partnership of the regions, support their strengthening and adjustment to the regional development and decision-making centres.
- We shall support primarily all those investments, which are creating jobs for the unemployed, especially who are living in backward regions.
- We shall launch a national public employment programme that will provide jobs and a fair living for at least 50 thousand persons, who cannot find any other employment possibility.

Motivating and Supporting Employees

No job can be found without the required qualification, skills, routines, motivation and determination, even in case of economic growth and the emergence of hundreds of thousands of jobs. Therefore, we shall support the job hunting and integration into the world of the employment of those ousted from, or entering newly the labour market. However, there can be no success unless job seekers themselves take all measures necessary for the successful hunting, taking and maintaining of the given jobs.

- Career start, persons older than 50 years, persons at risk, parents of small children, Roma people and persons with an altered capacity to work should be supported to the highest extent. We shall give preference to those who have no qualification, or have to earn their living in the most disadvantaged regions of the country.
- We shall establish a transparent and up-to-date educational and employment system that is adaptable to the changing situation. We shall ensure that the distribution of labour market services and supports be just, the access to these simple and adaptable to the characteristics of the regions and layers of society.

- We shall commence to develop a system, in which all those who cannot find a job, or depend on social benefits, can apply for assistance to a single organisation. For the sake of this we shall coordinate both social and labour market services.
- We shall upgrade the National Employment Service. We shall establish an organisation that will follow the regional labour market processes, react quickly, and will be of high level, and accessible for all interested parties.
- We shall delegate more and more communal services, aiming at the improvement of labour market opportunities, to non-public, civic organisations, integrating also well-operating civil programmes and initiatives. We shall develop the comprehensive procedural and financial rules for this. Through this, social care will be provided for those regions and layers of society that are hardly accessible today for public organisations.

Adaptation to Changes

Those who can adapt to continuous changes can feel secure. The most important it requires is lifelong learning. Learning can be successful only in case the educational system itself is also able to adapt to continuous changes, react to economic requirements, and transmit up-to-date knowledge.

- We shall revise, coordinate, and correct, if necessary, the system of supporting, financing and evaluating vocational training to be provided for young and adult persons. We shall make useful knowledge accessible for everybody.
- We shall arrange institutes, maintained and supported by the state, into a regional training system.
- We shall establish even closer links between education, training and the world of business. We shall provide for a continuous consultation with the players of economic life.
- We shall support through training programmes the most rapidly improving economic sectors to eliminate obstacles caused by the lack of skilled labour. Such training will cover the acquisition of vocational qualifications – a second qualification associated with the activity –, special training necessary in a given sector, or in a speciality, as well as the obtainment of language skills. We shall provide assistance for companies primarily for the organisation of on-the-job training.

- We shall monitor and evaluate through a single career monitoring system when, how and under what conditions the qualified persons can take their jobs. We shall use the findings for making decisions on financing and supporting, as well as for determining the admission rates.

Flexibility and Security

During the past 16 years the world of labour, the structure of employment, as well as the definition of security have changed to a great extent. Work has become more flexible, however, the number of those, who are working in less protected and secure, non-traditional forms is ever increasing. Rules are necessary that serve the development and competitiveness of Hungary, improve flexibility and security and widen the scope of protected participants at the same time. This is the common task of the Government and the social partners.

- We shall provide stronger guarantees for the employees in order to ensure that they receive remuneration for their work even if their employer has become insolvent, or their position has turned out to be insecure.
- Through the revision of the labour code and the modification of the rules concerning performance, terms and conditions of work agreements, the lawful employment should be extended, social and health protection of employees should be provided, and the framework of flexible employment should be strengthened.
- We shall make use of opportunities implied in non-traditional employment forms and flexible labour organisation, especially in the public service sector, in order to avoid threats on existence arising from structural or organisational changes; moreover, in order to open up new job opportunities for the young people. We shall extend the Premium Years programme.
- Together with the social partners, we shall establish a legal advice service for employees, job seekers, labour communities and employers. The service will evaluate its experiences in a public report.

Strengthening Partnership and Dialogue

The Government of the Republic has not and will not make decisions on the merits, legally binding provisions of law without the involvement of organs

promoting the interests of employees and employers. Consultations between the social partners will be pursued regularly and on the merits. With the involvement of the partners we shall establish the legal background of a multilevel system of national dialogue in order to take decisions that reflect the interests of all stakeholders, and to guarantee the implementation of the same.

Within the frame of this:

- We shall complete the legal revision and regulation of the operation of institutions involved in the reconciliation of interests and social dialogue.
- We shall regulate by law the operation of the National Interest Reconciliation Council, expressing and strengthening thereby the weight of agreements to be established, providing legitimacy for the members and decisions of the members of the Council.
- We shall stabilise the legal background of the committee system of social dialogue on the medium level and sector dialogue in order to make it possible for the social partners to develop the labour conditions and relations characterising their sectors by their decision.
- We shall initiate the revision of the system of interest reconciliation on the labour market in order to align it with the rules of the interest reconciliation system, as well as to the modern, unified employment support system and labour market planning.

THE MODERN REPUBLIC

The implementation of the new Hungary, the country reform stands on two pillars. One is the state reform, including the reform of the large supply systems and of the public services, the other one is the creation of a new, modern and open social culture in the broad sense, where everybody is aware of the fact that first of all they are responsible for their own and their family's prosperity, while bearing personal responsibility for the community, too.

Everybody has to contribute to the public expenditures, and everybody must participate in managing public matters, to observe the general norms, as the country of liberty exists only in order. If order is broken, liberty is lost. The Republic has to be built on a daily basis, and the nation must be maintained through voluntary participation. The Government of the Republic will create the necessary legal conditions for the formation of a new culture of public and individual responsibility, will start a struggle against those breaching or circumventing the community's norms and will also promote changing of the public mentality expecting resolution of all problems from the state, while continuously evading the rules also through reforming the institutions of the culture and media.

A modern state grants real liberty for its citizens, while increasing their individual responsibilities. It considers their faith, their religion and their ideology as their "most sacred" personal matter, however retains it to be the state's responsibility, a matter of public interest, that each citizen might exercise their religion, live in compliance with their faith and ideological conviction, insofar not injuring other citizens' similar rights and the law. The Government of the Republic respects the liberty of conscience, the religious belief of the people. It grants without discrimination conditions for free exercise of the religion and counts on the churches' moral, educational, cultural, training and social activities. Through modernising the funding granted to churches, the state supports the churches' participation in providing the state's compulsory tasks.

In a modern Republic, the state considers the voluntary associations of people, the civil organisations as partners, not only tolerating them but requiring and inciting their control over the governmental activities and their work performed for the benefit of the smaller and larger communities. Through improving the legal and financial conditions of NGOs, the Government of the Republic intends to ensure that a wide network of the citizens' voluntary organisations reinforces our society's cohesion.

A modern Republic does not intervene with its citizens' style of living and with their pair-bonds. Those living in long term common-law relationship will be granted similar rights to those enjoyed by married couples.

THE MODERN STATE

Amendments to the Constitution

The Republic's now sixteen-year old Constitution is able to fulfil its principal tasks: it grants the basic rights of citizens and control over the exercise of public power. It is not a new Constitution that may grant strength of the Republic but the respect of the prevailing Constitution by the political players.

There are, however, some provisions of the prevailing Constitution that need to be amended, therefore, already in 2006, we shall propose the amendments necessary for the local governmental reforms, while in 2007, an amendment proposal establishing the key rules of public finance matters at constitutional level will be submitted to the Parliament.

Struggle against Corruption

Corruption decays the society's basic moral order, it eats up confidence and trust in the state's institutional system.

We are going to most decidedly fight against any corruption phenomena linked with the public power exercise and with the distribution of public funds. Corruption concerning the public power constitutes one of the most sever forms of crime, therefore we shall increase efforts for fully revealing any abuses.

- The system of checking asset declarations will be renewed and the rules of incompatibility concerning decision-makers strengthened.
- Co-operation among anti-corruption units already functioning at some state bodies will be reinforced.
- Publicity is the most effective counter-agent of corruption, therefore increased publicity of the data of public interest will be granted, also by using the possibilities offered by the internet.

- In order to eliminate any malversation, we are going to examine possibilities for implementing governmental public procurement procedures within one single organisation.
- The prevailing competition and public procurement rules will be enforced in a more stringent way in order to decrease corruption.
- Powers of the economic self-governments (chambers) will be increased, allowing them to co-operate in a more efficient way in preparing distribution of public funds, in executing and controlling decisions.

Less but Good Quality Legal Rules

The number of superfluous, bureaucratic rules exacerbating people and enterprises will be considerably decreased and conditions for good quality legislation established. Our aim is to establish a safe, calculable and transparent legal environment.

- During four years, all Acts and Decrees will be reviewed and, parallel to the transition to electronic administration, superfluous obligations, unreasonable administrative burdens of people and enterprises will be eliminated (less and more simple licensing procedures, registrations, forms etc.).
- Higher professional requirements will be imposed to those preparing and compiling the legal rules, thus stopping the inflation process of the legal rules.
- As a compulsory provision, exclusively draft legal rules of high quality level, following comprehensive economic and social impact analysis may be submitted to the Government.
- The Government counts on all people's co-operation in the legislation procedure, therefore, participation in the merits of the civil sphere, but also of each citizen, will be granted in the preparation of the decisions. By publishing the drafts and concepts of the legal rules on the world wide web, all citizens may express their opinions on the regulations under preparation. The Network of Social Consultation will be established, granting that anybody may express their opinion.
- The law belongs to everybody. Therefore, in addition to granting participation in the legislation, knowing and exercising rights has to be granted to everybody. With the help of the Government's portal, informative publications in clear and plain language issued on the world wide web will grant the equal chances of access to law. Internet-based accessibility of all legal rules will be rendered complete and free

of charge. For the sake of allowing our children to easily understand their rights and obligations, teaching of legal knowledge will be reinforced in the elementary and secondary education.

- In this governmental cycle, the new, up-to-date Civil Code will be submitted to the Parliament, granting a calculable and stable regulation background for individuals and enterprises.
- Everyday security will be reinforced through efficient crime prevention and coherent, calculable punishment policy. A new Criminal Code will be created that – in compliance with the up-to-date criminal principles – will inflict hard punishments to those committing serious crimes, while leaving ground for the state to apply other punishment forms beyond the expensive confinement in the case of minor crimes (including gestures or indemnification to the injured persons, up to propitiation through public work).

Continuing the Reforms in the Field of Administration of Justice, Service-minded Judiciary

Organisational reforms of the Courts have been successfully implemented during the recent years. Accelerating proceedings, further reinforcement of the conditions for good quality judgement and widening of the scope of the judiciary services constitute tasks of the years to come.

- Through abolishing provisions unnecessarily complicating the proceedings, extending the scope of methods for avoiding lawsuits, widening the possibilities of electronic administration, the judicial proceedings will be accelerated and shortened.
- By respecting personal rights, resolutions of the upper Courts will be made available through the internet, allowing overview of the professional deliberations substantiating such decisions.
- For the sake of granting equal and fair access to justice, services granted by the system of the “legal aid” will be extended, the number of client service centres established in small settlements increased. Special legal assistance will be granted in criminal proceedings as from 2007, and in civil law proceedings as from 2008 to people in need. The antidiscrimination network of Roma people will be integrated in the “legal aid program”. Services granted to victims will also be further developed.
- Quick, single-counter administration will be introduced within the frame of company registration and information services in order to

quickly obtain official certificates. Administrative procedures for launching companies will be accelerated. By the end of 2007, it will be granted that the company registration procedure does not exceed one week's time. The company information service will grant free of charge advice to micro and small size enterprises.

Correct and easily accessible records on law experts, mediators and lobbyists will be kept.

CULTURE – COMMON NATIONAL ASSETS

Culture creates the frameworks, forms, stages and contents of the self-esteem of individuals, communities, regions and of the nation. Cultural variety constitutes the source of future innovations in the economy, policy, science, arts and everyday life. The culture is the vehicle of social integration and social cohesion; it helps to maintain and to renew the communities. The Government has the purpose of reinforcing the Hungarian national identity and awareness. The Government considers its task the creation of the conditions allowing evolvement of capabilities and mitigation of the disparities in the field of such conditions. We intend to ensure equal chances to access cultural values and to mitigate territorial, generation, language and ethnic, as well as social disadvantages.

The Government does not intend to dictate taste, to enter into issues of the art to be decided according to tastes. At the same time, it considers itself as representative of the third Hungarian Republic, a modern, laic state that maintains, nurses and continues by way of tradition the cultural heritage of the millenary Hungarian cultural heritage, while it also became member of the European Union.

- Main tasks of the cultural administration include the maintenance of the institutional system of the national art and public repositories; granting assistance in the market introduction of creative and artistic activities, works and productions linked with the Hungarian culture and supporting consumption in supplementation of the market mechanisms and of the private funding; improving market chances of the demanding popular culture and of the domestic creative industry; assisting presentation of the Hungarian culture abroad and of the universal culture in Hungary.
- Taking account in a realistic manner with the country's capacities, support possibilities of the culture may principally be extended through involving the EU funds and the private capital. Investments into the cultural infrastructure, reconstruction of the public spaces will be implemented mainly through using EU resources. We shall cooperate with the private and civil sphere in supporting the contemporary culture by elaborating a new financing model, involving private capital in complementation of the governmental funding.
- For the sake of a more efficient management of the budgetary funds, the system of cultural financing and the operation of the cultural institutional system will be reviewed in compliance with the principles

of transparency and regionality. The range and tasks of the national cultural institutions entirely under responsibility of the state will be re-defined, the scope of basic cultural services established, and the cultural tasks of the municipalities at different levels and of the ministry reshaped. The main principles of granting continuity and undisturbed development of the cultural processes to the maximum possible extent will be followed during the transformation of the institutional system.

- The programs – such as Alfa, PANKKK, Tengertánc and Közkincs – for supporting public culture will be continued. Funds available for cultural purposes of the regions, small regions and settlements will be increased through developing cultural tourism.
- We shall analyse the possibilities of extending the operating resources of the cultural public foundations by additional contributions and automatic incomes, incite the market participants to increase their cultural expenditures, increase the efficiency and transparency of the distribution system. New regulation will grant stability of the resources available for national cultural projects, enterprises and for institutes and programs presenting the Hungarian culture abroad. The system of supports granted to libraries will be transformed: funds intended for supporting publishers will be redirected into library stock increase programs and to scholarship funds supporting authors and translators.
- We shall initiate integration of the cultural networks maintained by the municipalities, taking into consideration of the local characteristics and counting also with the telehouses, with the intention to transform libraries and schools into advanced ITC centres, while extending the number and improving quality of their services.
- Our intellectual heritage, the manmade environment, settlement and landscape image, the industrial design and the object culture constitute integral part of the national culture and have to be given proper weight in the cultural administration.
- We shall continue the already started programs for digitalising the culture, improving chances of access to the cultural heritage and to the contemporary culture.
- Presentation of the historic and cultural heritage is our ambassador all over the world and an important instrument for establishing our national integrity. The role of Pécs as European cultural capital in 2010 will make part of this process. The Hungarian Cultural Season in Germany during 2006-2007, the Year of Hungarian Culture in New York in 2009 will be managed as priority cultural events. 2005, being

the 550th anniversary of coming to the throne of Matthias Hunyadi, will be declared “Year of the Hungarian Renaissance” and we shall care for adequate commemoration.

THE RENEWING MEDIA

By today, the media became an industry forming the society. At the same time, however, business considerations continue to adumbrate ever more the aspects of the rights to information expected in democratic societies both in the field of radio and television broadcasting and of the printed press. Simultaneously, the new communication facilities spreading apace due to the technological development grant information possibilities to citizens in a wide range that was previously inconceivable. In this world, the Hungarian public service radio and television broadcasting is not able to fulfil its functions. One of the main reasons consists in the fact that the prevailing legal rules in force already for ten years are adjusted to the system of facilities of the end of the 20th century, and even insufficiently. On the other hand, the political parties and also part of their adherents consider the media merely as the territory for gaining political influence.

Through establishing overall professional and political agreement and, on this basis, national consensus, the Government intends to create conditions for the operation of the media that might grant the assertion of the citizens’ constitutional rights to have access to information and cultural contents.

- A national audiovisual strategy will be prepared, serving as framework for the regulatory and public policy measures to be taken for the sake of renewing the domestic media strategy.
- The process of digital transition will be accelerated, thus improving the broadcasting conditions. By way of preparation, the strategy of digital transition will be prepared without delay.
- Technology renewal of the direct earth broadcasting, cable and satellite based programme broadcasting and distribution will be supported.
- It is our aim to establish the norms of programme production and services, of the technology-independent market competition of programme broadcasting and distribution, of the protection of copyrights and of the intellectual property in a communication act complying with the European standards.

- We propose to prepare, on the basis of the communication act's principles the act on the public service media, containing new, advanced rules of management, control and normative financing.

PROGRAMME FOR THE YOUNG

It is the Government's responsibility to assist social integration of the young. For this sake the National Youth Programme will be prepared, granting equal chances for young people as regards learning, employment, setting up home and family and thus become successful adults.

The Government will improve the infrastructural conditions required for the useful utilisation of leisure time (youth clubs, public spaces, youth hostels, play grounds, open air sports establishments), support the implementation of local and national youth-oriented initiatives – through the Basic Programme for the Children and for the Young, the regional youth councils and the youth programme of the European Union – and start a programme for popularising health- and environment-aware life styles and improving the democratic attitude of citizens.

- For supporting the work of specialists and NGOs granting assistance to the young, the National Youth Information and Documentation Archive will be implemented in compliance with foreign examples, constituting an on-line database of programs, initiatives, experts, literature and research achievements.
- Youth-oriented development activities of the municipalities and of their associations will be supported and assistance will be granted to the preparation of local action plans intended for improving life conditions of young people.
- We shall extend the possibilities of domestic and international voluntary activities, thus improving chances for gaining experiences and developing competitive knowledge of the young.
- The student employment certificate of the full-time students participating in the higher education forms will be introduced, intended to support trainee work and future employment of the young.
- The Government supports the conscious family planning of the young. For the sake of avoiding infertility and abortions, inciting the birth of healthy children, it expedites health education of young people and supports initiatives aimed at attaining these objectives.

SPORTS – NEW LIFESTYLE

Sports are a means for serving the purposes of maintaining health, education and character development, community building, social integration and of establishing a society competitive and efficient also in European comparison. The Government's responsibility is unequivocal in its development and in granting chances to everybody for everyday exercise.

At the same time, however, the sport of the 21st century constitutes an independent industry; professional sports make part of the global entertainment industry. The Hungarian sport already started its way of becoming a market element; however this process is slow and still considerable state expenditures continue to seep into the private sector in the course of its operation. This situation has to be coped with during the years to come; uncontrolled leakage of the taxpayers' moneys through the budget should be stopped. It must be established, what sectors of the Hungarian professional sports are competitive on the domestic and international markets. Privatisation of the professional sport is to be performed as conclusive step of the privatisation processes.

For the sake of the general development of the non-market-based Hungarian sport activities:

- EU supports will be exploited in the first line for developing training and infrastructure.
- Greater independence of the NGOs will be established, their activities supported in using the supports, in increasing transparency and strengthening controls.
- A predictable system of competitions and supports will be established, stating priorities year by year. Supports granted to sport organisations will be conditioned to the preparation of sport development plans adjusted to the National Sport Strategy.
- Interdisciplinary implementation of the sport-oriented developments is supported. The bureaucratic weight of the semi-civil and semi-governmental organisations existing within the sport will be decreased.
- The network of sport physicians will be reinforced and research achievements of the sports sciences will be exploited in a more efficient way.
- Content renewal of the education of sport experts will be incited.

Recreation-oriented sport and leisure time activities of the population will be incited through indirect supports granted to the users of sports services and

through encouraging employers to grant greater supports to their employees' sports activities. National-level presentation and spreading of the model programs promoting physical activities of the elderly will be supported.

In the field of the school-based physical training and student sports, the conditions for everyday physical training will be established, exercises during and beyond class, sports camping, swimming training and extracurricular sports programs to be organised during school time in order to acquire the taste for sports and movement will be supported. The system of student Olympics will be strengthened.

As regards competition sports and education of the second line, preparation of the teams for a successful participation at the Olympics of Beijing and of Vancouver, at the Paralympics, Special Olympics, Deaf Olympics and at the world games of non-Olympic sports will be supported. In the event of obtaining the right for organising the European Football Championship in year 2012, the Government will participate in implementing the infrastructural conditions.

GREATER PUBLICITY OF PUBLIC INTEREST DATA

In a modern Republic, everybody has right to know public interest data. The freedom of information, that is, the availability of the public interest data constitutes the precondition for the freedom of speech and of the press, for the investigative journalism, for the informed discussion of public matters and for the operation of democracy. The lack of transparency of the state, the possibility of excessive security classification is the hotbed of corruption.

Through codifying the compelling requirement of the public interest aspects concerning publicity, the scope of decision-preparation data to be classified as secrets has to be further narrowed. The freedom of electronic information has to be expanded by introducing the obligation – enforceable through efficient sanctions – to publish free of charge public interest data on the internet in an easy to download, simple to search manner allowing easy orientation.

The act on state secrets has to be adjusted to the act on publicity of public interest data. Public data may be classified only in the event when the public interest connected with secrecy is really stronger than the public interest requiring publicity; the burden of proof resting with the state. The list of data types allowed for classification, the possible duration and extension of the term of classification should be narrowed.

The criminal law fact of state secrecy breach has to be modified. Protection granted to journalists and to their information sources, as well as the freedom of criticism concerning public activities of persons exercising public power and of other public personages have to be strengthened.

THE JUST REPUBLIC

Thanks to the change of regime, we have regained our political rights and have established freedom; however, in the social sense of the world, we are still not free. Our emergence, our life career are even today more influenced by the family and by our place of abode than by our capabilities. Several of us are still unable to improve their life conditions relying merely on their own resources – due to their age or to their health condition. A free and solidarity minded Republic grants more rights, facilities and supports to those in need and expects more commitment and responsibility from those with greater capacities.

Hungary's success depends on our ability to resolve the contradiction between the requirement for more support and more protection of those lagging behind and the expectations of those in the vanguard claiming more economic and social freedom. The traditional social-democratic, liberal or conservative solutions are of no use. New policies are needed, building equally on the traditional social-democratic and bourgeois-liberal values, but integrating at the same time several elements of the central rightist conservatism.

The Government of the Republic announces a turn in social policy: in addition to improving life conditions of the elderly, to granting support to those in difficulties, that means, in addition to mitigating the actual problems, it intends to break the generational chain of transmitting poverty and backward conditions at the roots. Therefore it announces the National Programme against Child Poverty, requiring wide national collaboration. Through implementing this program, the number of families and children living in need may be decreased to a fraction of the actual value during 25 years.

EQUITABLE FAMILY SUPPORT – FIGHT AGAINST CHILD POVERTY

Elemental and important steps have been made in 2006 for a more equitable support granted to families raising children. We have eliminated the abnormal system of supports, where more supports were granted from public funds to the already wealthy and less was given to those in need. Child supports are today more and more equitable, as finally children living under hard conditions are granted identical supports from the public budget

as their more lucky compares. Supports are more equitable, though not equitable yet. They are not equitable, because every fifth of the children are born in poor families and are raised among destitutions. Our school system is still not able to compensate their inherited social disadvantage, therefore they have considerably less chances to break the chain of generations and to acquire knowledge and skills allowing them in their adult life to break free from the trap of poverty and to make a good living for themselves and for their families.

We intend to implement the National Programme against Child Poverty in a timeframe of 25 years. However, in addition to the generation program, measures in the merit are to be taken already during the next years in order to decrease the number of children living in desperate poverty. Such measures include: creating employment possibilities for the parents, granting supports to these children not only equalling but exceeding the average, decreasing their exclusion, improving their chances to acquire knowledge. Beyond the system of family supports considerable changes have to be made as regards employment of the parents, housing conditions, mitigation of the education disparities of chances, alignment of the children in backward conditions. In order to implement our objectives, wide social collaboration is needed in addition to the Government's efforts. Therefore, we shall initiate a social movement for supporting children living in poverty.

Beyond the direct tasks intended to fight child poverty, comprehensive modernisation of the social supply's institutional system will be started, because services granting easily accessible, efficient and customised assistance in resolving problems to those in need have identical role in fighting poverty as direct supports.

Helping the Employment of Parents

Work constitutes the most important mean for fighting poverty. Our aim is to ensure that the parents are able to grant good living for their children from their work income. Through targeted employment policy instruments, enhanced cooperation of the employment market and of the social institutions, we intend to promote that low education parents also have employment chances:

- Targeted and considerable decrease of the contributions payable under the Start-plusz and Start-extra programs will help in the employment of the long-term unemployed with low education primarily in the backward regions.

- We intend to create the possibility that, in justified cases, part of the amounts available for social assistance could be used for organising public utility work.
- Through strengthening co-operation among labour and social institutions, efficient placement service will be granted to those living on social assistance.

More Subsidy for Families Living under Difficult Conditions

In addition to increasing subsidies to families raising children, we intend to principally increase supports granted to children living in poverty during the next years.

- Free of charge food for the children in need will be extended to the elementary classes 5 to 8.
- Already in this year, summer food for children will be made possible during the entire vacation. We shall introduce gradually the possibility of summer day-care of children both in kindergartens and in schools.
- Under the new system of social subsidies, we shall grant that the portion due for children may be provided in form of in-kind allowance.

In addition to the increasing financial and in-kind subsidies, child welfare services will also be renewed for families with children that face the greatest problems. The Safe Start Programme will be extended, and regional disparities of the institutional system of child protection will be decreased through offering mobile services.

Developing Daycare for Children

One of the most important means for fighting disadvantages from home consists in granting greater chances for children to have daycare in child care institutions and schools offering food and good conditions for their development.

- In the first line for mitigating problems of those living in small and backward settlements, we shall increase the capacity of family daycare centres and child care institutions offering both nursery and kindergarten

services. Where conditions may be implemented, we shall encourage that kindergartens receive children already from the age of 2 years.

- For making possible employment of parents, opening hours of the child care institutions will be made more flexible.
- We shall support the maintenance of at least playhouses in settlements without childcare institutions.
- The school-boarding system – granting whole-day engagement – will be extended in the elementary schools.

Improving Housing Conditions

During the next years, we intend to start sensible changes in improving housing conditions of those living in poverty, through ensuring that an ever greater portion of the housing supports is granted to those most in need.

- The actual system of rent support will be renewed, allowing an increasing utilisation by people in need.
- The slum-liquidation programme will be accelerated.
- As part of the New Hungary Program, a programme for improving housing conditions of the disadvantaged families.
- The rules of debt management and of eviction will be modernised, thus decreasing defencelessness of the families raising children.
- A new social support system of energy consumption will be elaborated and card-type meters will be spread in order to decrease the home maintenance costs.

Equal Opportunities at School

Today, the disadvantages of children existing at their birth are not or are only slightly decreased by the school system. As listed under the modernisation of the public education, decisive steps will be made during the coming years in order to allow that kindergartens and schools may considerably decrease family disadvantages of children, ensuring their alignment, development of their capabilities and granting them equal chances for acquiring knowledge and marketable skills as their more lucky fellows do.

- Training and institutional development programs helping integration of disadvantaged children will be started.
- The Útravaló scholarship scheme will be further developed.
- Supports will be granted upon application for training activities promoting integration of students with special educational needs.
- Vocational training programs will be developed in order to decrease drop-outs and to grant up-to-date vocational training.

National Programme for the Health of Children

Still there are enormous social, cultural and regional disparities in the possibilities of maintaining and recovering health. We cannot accept that disadvantages of children start already in the womb, that, though decreasing, the rate of premature deliveries and that of infant mortality still exceeds by twice the ratio of the developed countries, that one third of the children are borne in hospitals without infant department and that there are huge differences as regards the standards of medical and emergency supply granted to children. Therefore, the Government launches the National Infant and Child Health Programme, envisaging the following objectives:

- Through improving family planning and family protection, developing the obstetric care, the number of premature deliveries and the rate of the infant mortality are to be decreased.
- The network of child care officers has to be strengthened and developed in disadvantaged small settlements.
- Disparities existing in the children's health supply will be decreased through alignment of the backward areas.
- We are going to care for asserting the requirements of healthy nutrition in the institutional child catering.
- The continuous programs connected with physical exercise and health education will be encouraged. Public spaces granting sporting possibilities will be developed.

RESPECT TO THE ELDERLY

In the past four years, the living conditions of the elderly have significantly improved as the Government compensated them for losses they had suffered

earlier. Pensioners can anticipate a further improvement of their living standards. The Government of the Republic professes that all the old people have the right to spend their pension years in security and to make a good living.

- In the coming years, we shall implement the five-year Pension Raising Programme that has already been ratified, to remedy inequities of the past.
- Based on the consultation with the Council for the Elderly, we shall review the system of travel allowances of retired people, and we also examine the options of eliminating actual discrimination present in the regulations of the widow's/widower's pension.
- To ensure sustainable financing of the pension system and to secure a long and active life for the people, we shall promote the prolongation of working years and the re-employment of unemployed people above the age of 50.

Endeavouring wide social agreement, we shall prepare the next stage of the reform of the pension system so that necessary changes will ensure the long term and sustainable financing of pensions, guaranteeing a predictable financial security for retired people.

JUST HOUSING SUPPORT

In the past years, the number of new apartments has been increasing significantly while the system of housing support has become more just, opening new opportunities for more and more young families or families with children to buy a flat or house. Although a greater part of support goes to those without any reasonable chance to buy a flat otherwise, the situation is still not satisfactory as the major part of the support financed from common taxpayer money is used by people as a compensation for loans – while these people do not really need it. In the coming years, the most important tasks will include making the use of housing support fairer, widening the market of rented houses and improving the quality of the stock of flats.

- Through the support of the renovation of flats, we improve the quality of living, increase the value of the stock of flats and promote energy saving. We shall also extend the programme of reconstructing prefabricated houses to the construction of traditional houses as well, enabling the reconstruction of at least 60-70 thousand flats annually. In addition to that, we shall also support the modernisation of flats to

save energy, as well as the improvement of the conditions of living in housing estates and the rehabilitation of certain parts of settlements.

- Through the modernisation of the support system, we intend to further increase housing support provided for young or poor people.
- Through encouraging the formation of a legal market of rented houses, we create realistic opportunities for families choosing rented housing thus allowing greater mobility and representing smaller burdens instead of buying real estates. The establishment of a legal market of rented houses is a precondition for creating proper living conditions for families in need, supported by a modern system of rental fee subsidy.

THE SOCIAL INTEGRATION OF THE ROMA MINORITY

Equal Rights

In co-operation with the branches of public power, the Government intends to safeguard and protect the constitutional rights of each and every Hungarian citizen regardless of gender, religion, political opinion, ethnicity or physical-mental conditions. To ensure equal rights, we shall pay special attention to the statement of the Data Safety Commissioner as follows: 'special data (data on disabilities or Roma ethnicity) can be managed only after the voluntary and written data disclosure by those involved'.

Social Equality

The Government wishes to safeguard equal rights to the Roma people. Therefore, it will reinforce the activities of the Equal Opportunities Agency in charge of examining cases of discrimination reported and supervising non-governmental initiatives or organisations operating in this field. In addition to that, the Government also supports the Citizen's Right Commissioner and the Ministerial Commissioner of Educational Rights in investigating and disclosing cases of ethnic discrimination.

The Government will make all efforts necessary to ordain that the management and staff of jurisdiction, prosecution and police must participate in training programmes promoting conflict resolution and

strengthening tolerance, whereas the same organisations must put special emphasis on employing Roma people as well when recruiting new staff.

As far as bodies of central administration, elected and appointed officers of municipalities, employees of healthcare institutions and teachers are concerned, similar training programmes must be implemented.

Economic, Cultural, Political Integration

The Hungarian Roma community is a culturally, economically and regionally segmented society. In case of two thirds of the Roma population it is sufficient to prevent discrimination practices, enforce communication and representation without prejudices and further strengthen the representation of interests.

The remaining third of the Roma population, however, lives in small settlements with poor accessibility, in segregated living environment or parts of cities requiring rehabilitation. These regionally segregated groups need special community building and integration programmes focusing on education, training and cultural identity. In addition to that, these heterogeneous groups must also be considered when planning programmes aimed at the realignment of backward regions.

In order to promote the economic, cultural and political integration of the Roma population, the Government must take steps in several fields.

- One of the reasons for the disadvantaged social situation of the Roma people is poor education and deficient vocational training. Therefore, it must be promoted that children can go to the kindergarten, then to primary and secondary schools providing high quality and marketable knowledge. At the same time, these schools cannot be segregated and they must encourage the conservation of cultural identity.
- Through providing traditional and modern tools of adult training, it must be facilitated that more and more adult Roma people can graduate from secondary schools and participate in higher education, acquiring appropriate professional skills and learn languages.
- Moreover, the labour market integration of the Roma people must be promoted. In this respect, steps must be taken to legalise business activities. In addition to that, it must also be ensured that adult Roma people can not only perform physical work but also administrative, commercial, social and cultural tasks when participating in public labour programmes. Companies providing such programmes must be supported.

- The strengthening of the institutions of Roma culture and history, electronic publication and the availability of these products to the Roma community are elements of an outstanding task. Another priority task is to enhance Roma media organisations.

In addition to the above, we shall launch complex economic, cultural and social development programmes in 25 disadvantaged small regions populated mainly by Roma people under the New Hungary Programme. These programmes will be targeted at the economic and social integration of minorities, the radical improvement of their living conditions and the strengthening of their competitiveness. Therefore, we shall carry on the Liveable Village programme launched in the most backward regions – improving the living and social conditions of people living in Roma ghettos – as well as the Cserehát programme.

EQUAL OPPORTUNITIES FOR WOMEN

The Constitution of the Republic of Hungary, the Act on equal opportunities and several other regulations prohibit the gender discrimination of anyone living in the country. Still, women experience several open or hidden forms of discrimination in their everyday lives. Therefore, the Government wants to safeguard the rights of women equal to those of men and ensure equal opportunities for both genders during their lives and careers.

- During the legislative work and when applying the law, we shall steadily enforce guidelines of the European Union with special emphasis on the elimination of open or hidden discrimination against women in all fields of everyday life.
- In the field of education, we shall help those changing the attitudes and prejudiced social thinking discriminating women through the training of teachers, values communicated by school-books and communication tools.
- We intend to enforce acts prohibiting the discrimination of women in the field of employment and wages and to increase the number of women in management.
- We shall transform the law protecting victims of violence within families to be clear, efficient and useful so that the number of the victims of family violence can be reduced and less people will be defenceless.

- We shall establish a network of institutions where victims will be safe and protected from the aggressors, receiving legal, psychological, social and medical care.

OPPORTUNITIES FOR PEOPLE LIVING WITH DISABILITIES

People living with disabilities and their caretakers are independent and responsible persons. These people need support instead of guardianship to live a complete life. We have done a lot during the past years to assist disabled people to live a full life; however there are tremendous objective obstacles or difficulties resulting from prejudices these people must face when looking for a life of useful job and activities.

- To ensure equal accessibility, we shall support the elimination of physical obstacles through allocating appropriate budgetary resources, resulting in better and equal access not only to elements of manmade environment but also to services and information.
- To ensure equal access for people with hearing disabilities, we shall develop sign language translation services, establish rules of operation and ensure proper financing.
- We shall re-regulate medical fees based on demands of the patients.
- In coherence with the system of disability pensions revised, we intend to simplify the complex classification system of disabled people and create complex rehabilitation centres.
- To encourage the employment of people becoming visually impaired during their adulthood, we shall provide access to elementary rehabilitation services following healthcare rehabilitation and preventing occupational rehabilitation.
- We shall continue the programme launched under the 100 Steps Programme, targeted at the creation of new capacities in boarding institutions accommodating mentally disabled people and autistic persons.
- We shall reform the procedures of supporting national interest organisations of disabled people from the budget, adjusted to the real activities of these organisations. In this respect, we shall guarantee support for cases when the interest organisations perform their duties specified by the law, at the same time, we shall separate the support of the protection of interests and that of new and supplementary services of

these organisations. We shall also separate the support of associations of county level becoming independent in the previous political cycle.

PROTECTING THE CONSUMERS

Strong consumer protection is indispensable in a healthy economy. Such consumer protection not only increases the fairness of competition, protects the health, financial interests and safety of the consumers or reduces their exposedness to prevalent actors of the market but also enforces the 'value for money' principle, thus, it protects the citizens of the economy who are both consumers and taxpayers of the country.

- Consumer protection controls must be stricter and more frequent to safeguard the interests of consumers, as well as of fair-dealing producers and vendors.
- We shall also strengthen the co-operation of different authorities and extend the competence of the Consumer Protection Supervision. To facilitate the enforcement of consumer rights, we shall extend the organisations in this field.
- We modernise the penalty system and extend the range of sanctioning, including the shutdown of shops.
- We shall promote the operation of Consumer Protection Consultation Offices and the inclusion of non-governmental organisations. We shall also encourage the participation of non-governmental organisations in consumer protection.
- To guarantee the rights and remedy options of the consumers, we shall initiate the inclusion of consumer protection learning in the curricula in public education.

THE SAFE REPUBLIC

In addition to reliable living, New Hungary also means everyday security. Financial security provided by developing economy and the new social culture based on compliance with the norms are supplemented by the undisturbed order and the territorial safety of the country.

The improvement of public safety must rely on the same principles regulating the relationship of the state and its citizens in other fields as well. The accentuated role of the state as service provider and strong partnership are such principles. The further reinforcement of public safety must be underpinned by a close co-operation of the law enforcement agencies and the citizens.

The external security of Hungary can be safeguarded not only by the own defending power of the country but also the aggregate power of NATO members and the European Community. While performing the obligations as an ally, the reformed Hungarian army has demonstrated during its activity in flood prevention that a professional army can fight the powers of nature with success.

The international weight and respect of Hungary have grown in the past four years. We are not only participants but active formers of European future. It is a historical change today that the European Union no longer represents a direction of foreign policy, but a system of economic, social and cultural relationships. Through our efforts in the field of foreign policy in the coming years, we shall further enforce our interests during the European integration. In addition to that, we shall promote the fast reunification of the nation within the European framework, and improve our contacts with neighbouring countries to facilitate the development of the region and to attain our objectives of national policy. As far as Hungarian interests are concerned, we put special emphasis on the further strengthening of our contacts to the United States and Russia.

EVERYDAY SECURITY

We want an order 'born by freedom' in Hungary in which no citizen of the Republic must live in fear. A disaster and crime prevention based on social co-operation and an efficient and technically well-equipped police are pillars of our security. In a modern society, security can be safeguarded only by the

co-operation of governmental bodies, municipalities, owners, security service providers and non-governmental initiatives.

The establishment of security may not involve any further limitation of the rights of citizens. We believe that security is not a matter of total state control but the efficient co-operation of law enforcement organisations.

We want a servicing type of law enforcement of high quality, creating stable public safety and a full range of environmental safety, containing crime, managing migration, strengthening order in the country, preventing and avoiding disasters and providing a life free of fear for everybody in the country. Organisational and institutional modernisation must be planned and implemented with regard to this objective.

- In the European Union, law enforcement and security agencies of the countries at the Community borders play a pivotal role. We consider the preparation for the accession to the Schengen area to be the priority task in the coming period. To the date of the accession, all the organisations involved must be prepared for the new period, while appropriate legal and IT conditions must also be created. To ensure a more efficient performance of duties and promote more streamlined financing, the Police and the Border Guards must be integrated after accessing to the Schengen area.
- The Government considers the protection of the order and security of public places and the co-operation of governmental and municipality policing and the non-governmental sector to eliminate or prevent the violation of law in public places.
- We shall elaborate a new scheme for public safety. In the act on public and personal safety, we shall regulate the tasks of organisations involved with full respect to the safety of personal data and the integrity of privacy. Police organisations of municipalities with independent authorities and a range of tasks, specialised guards operated by companies and institutions, private security companies, non-governmental initiatives and public bodies must also be involved to the range of public safety organisations.
- We shall implement tasks foreseen under the National Strategy for Crime Prevention focussed on the strengthening of the everyday security of the citizens. We shall further enhance the participation of municipalities and self-protecting mechanisms of the society.
- As far as terrorism and organised crime are concerned, we shall further strengthen the co-operation and joint action of law enforcement organisations involved, without further restricting fundamental rights.

- Duties, call centres receiving emergency calls and reports and the integration of management systems based on the 112 emergency call system all play a crucial role in the efficient and successful operation of emergency services. These organisations must be capable of communicating with foreigners, act flexibly and participate in prevention and co-operate with surveillance systems. The development of these fields is of special importance. We shall also promote the dissemination of the emergency radio-communication system (EDR) to all organisations.
- To efficiently manage situations of emergency and disasters, we shall establish a simpler management system where the primary responsibility of the Government and the co-ordination competence of disaster control organisations can be represented during preparation as well as the prevention or management of emergencies. We shall reinforce the integrated disaster control system, develop the set of technical tools and equipment of disaster management, fire protection and civil defence and improve the situation of emergency fire protection in the country.
- Through the further development of disaster control and fire protection, we shall ensure an intervention period of 15-20 minutes in any place of the country. We shall gradually decrease the weekly working hours of firemen on emergency duty and increase the exposure supplement of people working in dangerous jobs.
- To perform our EU duties specified by the Seveso II Directive, we shall establish national weather, chemical accident monitoring and warning systems that are proportionate to risks. In addition to that, we ensure rapid information flow and create a response system covering the whole country.

THE EXTERNAL SECURITY OF HUNGARY

The external security of Hungary is safeguarded by NATO and the reliable membership of the country. Our external security relies on two pillars: namely on the European and the Transatlantic commitment.

Our values and security are not endangered by traditional threats anymore. There are new menaces in modern societies like international terrorism, radical nationalism, the spread of weapons of mass destruction, increasing disparities worldwide, poverty, famine and various diseases. Natural catastrophes give a dramatic warning, calling the attention to our responsibility towards the environment.

One of the priority tasks of our defence policy is to be prepared for new types of threats to our security so that we can successfully fight these in co-operation with our allies. Therefore, we shall perform the reform of the army so that the new professional army can defend the sovereignty more efficiently, with better equipment, and meet the requirements of efficient co-operation with international organisations. Another task of the reformed army is to explore the capabilities facilitating the successful contribution of the country to NATO missions.

Within the next four years, the Hungarian Army must become a modern organisation capable of performing expedition tasks. The new army must be smaller both in terms of the number of command staff and background institutions, at the same time it must be operated in a more efficient structure so that it can safeguard the security of the citizens both in the country and abroad as an 'institution of the nation'.

- Hungary cannot be merely the consumer of collective security. Therefore we shall represent the country with a contingent of 1000 people in various NATO, EU and UNO peacekeeping operations, with special regard to those directly affecting the security of Hungary.
- We shall actively participate in peacekeeping operations of the European Union on the continent – and on other continents in a limited number of missions to demonstrate our solidarity.
- In addition to military presence, we shall facilitate the flow of information among allied partners and assist their analytical and evaluation activities under the aegis of the fight against international terrorism.
- With regard to the comprehensive reform of NATO – and at a review of capacities offered earlier –, we intend to help the free world in fighting for peace through developing and offering new capabilities:
 - installation of 3D radar systems not only providing information for a more complete control of the airspace but also assisting the work of our allies
 - deployment of Gripen fighters (parallel to decommissioning MIGs) that can participate in airspace surveillance beyond the borders as well.
 - modernisation of the set of communication and transport tools enabling high mobility and deployability.
 - modernisation of armoured carriers.
- We shall inaugurate the new Central Army Hospital (with the parallel modernisation of the activities of the actual healthcare system) that

can serve as a central object of not only military healthcare but also civilian emergency care.

- The professional character of the voluntary and professional defence forces can be ensured by better military training, the improvement of equipment and higher recognition. Resources released as a result of the modernisation of the management system can be used for the improvement of operational conditions.
- We shall also develop better capacities necessary for an appropriate disaster prevention and management.

SUCCESSFUL EUROPEAN NATION – ACTIVE FOREIGN POLICY

The recognition of the foreign policy and interest representation abilities of Hungary have increased in the global world of today, mainly as a result of the accession to the European Union and the NATO. The membership of the country in organisations of Euro-Atlantic integration mirrors a conscious selection of values and the acceptance of increased responsibility. We have been active shapers of the common foreign and security policy as well as community policies of the European Union. Through our policy concentrating on co-operation we have established balanced contacts to our neighbours and countries that are important from the aspect of the future of the country. During the common government meetings we have created new and efficient forms of co-operation that will be maintained and developed. We have opened new horizons in the field of co-operation with our strategic ally, the United States of America. We have triggered a spectacular breakthrough in Hungarian-Russian and Hungarian-Chinese relationship. Co-operation with rapidly developing countries of Asia and the Pacific has become new and pivotal direction of Hungarian foreign policy.

The major objective of the foreign policy pursued by the Government of the Hungarian Republic is to facilitate the increased international weight of the country, the propagation of our culture and the economic-social modernisation through a steady representation of Hungarian interests on international forums and in bilateral contacts. When shaping the foreign policy of the country, we shall count on economic actors, the civil society and the citizens. We shall further increase the servicing character of diplomacy to better protect the security and the interests of Hungarian citizens, companies and legal entities living or working abroad. We intend to introduce a modern political culture better adjusted to the requirements of the age also in the field of foreign policy administration. Primary

geographical directions of our foreign policy include: neighbouring countries, Member States of the European Union, United States of America, NATO allies, Russia and the rapidly developing states of Asia.

Supporting Modernisation

To promote the rapid realignment of the country, special attention will be paid within the field of foreign policy priorities to involving foreign capital, innovation, dissemination of advanced technologies, promotion of international economic and scientific co-operation, ensuring diversified and stable energy supply. Likewise, we shall pay special attention to Hungarian working capital investments directed to abroad – in particular, to those affecting the Central-East-European and the Balkan regions.

Deepening Integration within the European Union

The strengthening of our international competitiveness strongly depends on the tendencies of the global competitiveness of the European Union, therefore, Hungary wishes to play an active role within the Community. Inside, an Union enforcing integration, outside, an Union operating democratically, transparently and efficiently, preserving its open character can best serve Hungarian interests. We consider the higher efficiency of Transatlantic co-operation and the promotion of strategic dialogue to be fundamental Hungarian interests. Our vision is the full reunion of Europe, with more and more countries meeting political and economic requirements of the EU and becoming members. The assistance of the strengthened integration of our neighbours represents a specific Hungarian interest.

The objective of the Government is to accelerate the full integration of new Member States, continue the establishment of the single European market and create a foundation of common energy policy, with efforts aimed at ensuring long term energy safety, developing co-operation in the field of common foreign and security policy and extending the scope of common foreign and security policy. We shall be active promoters of the enlargement and neighbourhood policy of the European Union. The Government attaches special significance to the definition of a new and adequate EU Strategy replacing principles formulated in Lisbon but abandoned in many respects. The objective of the Government is to carry on the institutional reform of the EU contributing to a more democratic operation of the European institutions and the implementation of the Lisbon Strategy.

Another crucial objective of the Government to eliminate the discrimination of 'old and new' Member States within the European Union so that Hungary can become a member with full rights in terms of the single currency, Schengen, agricultural subsidies and the free flow of workforce.

The Government will start preparations for 2010 when Hungary will be a part of the EDU presidency already in the current political term – in 2011, Hungarian will be the president of the European Union.

The Neighbourhood Policy – Developing Partner European Regions

The success of Hungary cannot be separated from the overall success of the European region as a whole. Consequently, the Government intends to follow an initiative and co-operative policy respecting the interests of the whole region, with the following focal points: economic and financial development, development of security and national policy, strengthened social relationship, creation of democratic and competitive European regions, development of trans-national infrastructure. In addition to bilateral contacts, the Visegrád Partnership is an important tool of our regional and European policy. We pay special attention to the West-Balkans as well as to the support of the European perspective of the Ukraine. In this respect, we consider the strengthening of cross-border co-operation among the regions and sub-regions and the establishment of safe but traversable borders to be essential. We shall continue the practice of joint government meetings and harmonise national development plans with other countries. A clear objective of the Government is to facilitate the general social and economic revival of the region and the improvement of the quality of life as an important regional hub determining the direction of development, providing high quality services in the field of education, innovation and logistics.

National Policy – Overlapping European, State and National Interests

Hungarian people living in the Republic of Hungary and in the Carpathian Basin can be successful in their mother country only as members of one and the same political and economic community of interests, in alliance with the democratic forces of a majority nation, preserving their Hungarian identities. Reunification implemented within the European frames represents a

historical chance to renew the contents of national solidarity. Therefore, the Government intends to follow a national policy embracing the interests of Hungarian people living abroad in addition to those of citizens of the Hungarian Republic based on the mutual commitment of the representatives of Hungarians living abroad. In this respect, the Government will initiate the establishment of appropriate organisational and institutional conditions. The Government will act to extend institutional solutions and legal guarantees safeguarding the recognition and respecting of minority rights within the European and international community. Based on its constitutional responsibility, the Government will act and provide protection in line with principles and the practice of international law in case of severe violation of the rights of Hungarian communities. The Government considers the active participation of communities of Hungarian people living in accession countries in the implementation of political, social and economic changes to be a considerable contribution to European stability and regional development. The Government supports the enhancement of the minority dimension of the European Union and it endeavours to facilitate the introduction of an approach of collective rights in minority policy in addition to the approach of human rights of individuals. As an effort strengthening these processes, the Government supports the demand of Hungarian people living abroad in terms of autonomy, in line with European principles and practice and in alliance with the democratic political forces of the countries involved.

Budapest, 30 May 2006