



NEW DYNAMISM FOR HUNGARY!

The Programme of the Government of the Republic for a Free and Equitable Hungary (2004–2006)

GOVERNANCE IN ACTION

Hungary is a land of opportunities today. A land of not fully utilised and unjustly distributed opportunities. Opportunities that may create security and wealth and elevate our country to be one of the most developed nations in Europe. Let's use our opportunities.

Our prosperous, strong economy makes sure that more and more people live better lives. That creates an opportunity to eliminate inherited social injustices: to give the poor and needy a chance to live a life with dignity, to further strengthen the middle class, and not to erect barriers to those who can prosper on their own. We want a country that is proud of the individual and joint successes of its citizens, a country where advancement is respected. Our membership in the European Union creates the conditions for the nation's safe and fast development, like in the decades after the Compromise of 1867.

Catching up or getting stuck in the second line forever – this is at stake in the coming years. Courageous, active governance, a self-confident civilian society, and a successful, European Hungary – that is the recipe for success.

Let's Live How We Really Could

Active governance means that we have the courage to change. Today Hungary is characterised by the simultaneous existence of the struggle for a reliable living, that has become an everyday practice for far too many citizens; a predictable living and the perspective of prosperity for others; and wealth that is the privilege of a few. Reducing injustice and securing the conditions for prosperity are our joint responsibility. The new social-liberal government of the Republic will implement the change that Hungary has long been waiting for: we should provide more help to those who need it more; and those who can afford more should undertake a greater responsibility.

One of the key conditions for active governance is clear and unambiguous language.

We say: let's give more opportunities for the needy, and let's demand a greater responsibility from the wealthy. It is not the state but the country that has an income, and the people generate this income. Every single forint available to the government is money paid by the people into the common purse. And the active government does not think that the state should

give equally to everyone from the common funds. There are some who do not need any help from the state – here the state is responsible for not limiting them in their decisions and opportunities. However, we also know that it is our joint responsibility to give to those who really need it.

In the economy, active governance means that, while striving for balance, we maintain investment and development oriented growth, and thus lay the foundations for a prosperous and successful future, so that "everyday Europe" reaches Hungary in 2010, and the forint is replaced by the euro, the single European currency.

Active governance builds upon individual responsibility and the sense of social community. This means, on one hand, that the state should do all it is able to, in order to limit individual autonomy to the necessary extent only, and to leave to the individuals and to the local communities of citizens as many decisions as possible. Yet active governance should also strengthen the sense of social community to provide support to those who are in need.

Recognising community and individual responsibility gives us the chance to use our opportunities more efficiently. There are areas where a role of the state is indispensable, however, it is mostly the free associations of citizens and the multitude of daring and committed individuals that may create the colourful community network of the new, successful Hungary.

Active governance does not need a big, but a strong, efficient and service providing state. The state should not be bigger than what is necessary to take care of its essential tasks. Active governance builds on the needs of people rather than the requirements of the state.

Hungary is our land, Europe is our home, and we belong to an alliance that provides security. We see our neighbours as strategic partners. Active governance means a balanced, predictable but decided foreign policy: supporting and protecting Hungarian interests and, as a part of that, supporting the protection of interests of Hungarian minorities. Active governance means undertaking a clear role in Europe and the world. Hungary is not passively tolerating, but actively shaping Europe on its way to unity.

Hungary's important opportunity lays in its creativity and the power of the Hungarian spirit and diligence. Securing access to the opportunities of the modern world and to state of the art technologies – that is also a responsibility of active governance.

Governance in action means conducting an active, pre-

emptive and co-operative policy. Active, where measures are needed on the side of the weak to attain an equitable agreement among groups representing various interests. An active role will be undertaken in supporting the interests of the elderly, of women, children, people living with disabilities, workers and employers, and individuals belonging to disadvantaged groups. The Government makes initiatives in areas that determine Hungary's future and success. However, it does not suppress everyday life, it does not impose any ideology upon the citizens, and it does not want to take decisions or solve problems instead of people.

We intend to govern in co-operation with all who look for the possibilities of joint action beyond selfish aspects. The Government co-operates with the private sector, the civil society and the churches in shaping the future and finding the way to success.

Let's live how we really could – let's live how the knowledge, diligence and talent of Hungarian people, the strength of the Hungarian economy and the European traditions and future of the country allow. The programme of the Government of the Republic serves this objective: this is the programme of security, development and prosperity.

Value Based Governance

The work of the new Hungarian government is determined by the coalition of the Hungarian Socialist Party and the Alliance of Free Democrats.

The Government of the Republic builds its programme on the values represented by the coalition parties and the actions serving those values. Governance in action is not based on power, but on values; it does not want to reign, but to serve. Our deeds are steered by the desire and ability to create a better country. We are convinced that people are motivated by the true wish to create a just and free world and to attain individual and common wealth, as well as by the actions stemming from this wish. We believe that the moral conviction, faith and ideology of citizens form an integral part of their human existence.

We also believe that the nation will not flourish through its government but rather through the work, diligence and ambitions of its citizens.

We believe in

- freedom
- justice
- democracy
- solidarity
- the respect of learning, knowledge and work
- joint and individual responsibility
- competition
- tolerance
- the power of our national culture
- Hungarian existence in Europe.

One of the great achievements of the socialist-liberal coalition formed in 2002 was that it could eliminate the atmosphere of fear in an artificially divided society, it promoted the acceleration of economic growth, and improved the living conditions of major social groups by fulfilling the election promises of the coalition parties. However, the totality of very justified social and modernisation measures was not in line with the ability of the economy to perform. While many problems were solved, new tensions also arose. After a slow economic turnaround that has resulted in dynamic growth by

today, we must start creating a more just social policy and transform public finances to serve competitiveness. We need dynamism, consistency and decidedness. We need change.

The new government of the Republic is preparing for courageous governing. We are preparing to accomplish, in agreement with the citizens, the major tasks facing us. We will render the distribution and use of our common resources more reasonable and more just. We will reduce taxes and thus leave more money with the people; and we will ease the burdens of businesses. We will extend employment. We will improve the competitiveness of the country and the citizens of the economy. We will start creating a high quality healthcare system focusing on the interests of the patients and relying on the motivational forces of competition and the benefits generated by the involvement of private capital. We will modernise the educational system to secure the future prosperity of our children. We will help and support the spreading of innovation, state of the art technology and IT in everyday use. We will turn public administration systems and institutions dealing with the citizens' official matters into more cost efficient service providers. We will also improve the quality of life through the protection of our environment. We will strengthen the institution of local governments.

We are aware that the time left until the end of the government term is too short to implement all the important programmes. However, people do not live their lives according to government terms. So we will never hesitate about launching any of the important programmes that serve the interest of the nation. The new Government begins its work aware of the responsibility that it plays a part in shaping the next decade of Hungary. We are convinced that no other attitude may be worthy of the citizens and the Government of the Republic.

The programme of the Government of the Republic formulates attainable targets. It makes feasible promises. It is a responsible programme, undertaking to collect the least possible amounts of the taxpayers' money and to spend that on nothing else but on turning Hungary into a more successful, richer and more equitable country.

The new Government of the Republic will continue the policies that have proven to be successful over the past period of time. We will continue with the programmes serving the realignment of disadvantaged regions, as well as the programmes for job creation. We will continue building motorways, upgrading hospitals and schools; we will continue with measures serving the utilisation of funds from the European Union; and we will work out the second Europe Plan built on funding from the Union available from 2007, determining our future. We will complete the process of privatisation, and continue with enhancing the competitiveness of agriculture and the rural areas of Hungary. We will launch new programmes to transform healthcare, higher education and the tax regime. We will accomplish a more decided and more efficient governance.

The programme of the Government of the Republic is the programme of creating community. It is a programme strengthening the solidarity of the citizens of the Republic, the sense of community, and the faith in democracy and in the strength of the nation. It is a programme rejecting any political ambition that arouses hatred and treats political adversaries as enemies. It is the programme of the government of ten million Hungarian citizens, drafted in awareness of the responsibility over a nation of 15 million.

Building on action, we bring new momentum to Hungary.

PROSPEROUS REPUBLIC

The objective of the Government of the Republic is to make sure that more and more people share freedom and wealth, wherever they live in the country. The prosperity of a country is determined mainly by the state of its economy. If the economy is strong, the government will have more and more possibilities to solve major social tasks. It is our fundamental interest to strengthen the Hungarian economy, and to keep it on a balanced course of growth.

There are many in Hungary today who feel that, by using their opportunities, they have sufficient talent and decidedness to take their future into their own hands.

It is the responsibility of the Government of the Republic to pull down the barriers for those who have ambitions and want to create growing prosperity for themselves and their families on their own and from their work.

Relying on the stable and growing economy, our objective is to create conditions that help the citizens in their self-actualisation, and give a chance of prosperity and progress to more and more people through a fast closing up to the level of developed European countries, for the country and for all of its citizens.

Durable Growth in the Economy

The new economic policy started in 2003 contributed to making sure that the Hungarian economy could enter the phase of durable and healthy growth. Many signs of that may already be perceived: the gross national product is growing by 4 percent annually again after a nadir in 2002, domestic and foreign investments are expanding, many Hungarian businesses show excellent performance, Hungarian investors are becoming more and more active in the region, exports are growing dynamically, and – a safe sign of confidence – the stock exchange index has risen by 50 percent in two years and has reached an unprecedented peak.

The primary objective of the Government's economic policy is fast growth preserving balance, which

- allows the performance of the economy to close up,
- allows the level of employment to close up, and
- allows the standard of living of the people to close up.

Rapid growth presents both an opportunity and a responsibility. It is an opportunity for us to have better lives already today. However, it is also a responsibility, for future generations and for sustainable development.

The economic policy of closing up means simultaneously improving the competitiveness of businesses, promoting exports and a budget policy preventing any increase in state expenditure and preserving balance. The reduction of state expenditure and the concurrent tax cut gives more air to businesses and bigger opportunities for development and growth.

However, achieving a smaller and more efficient state does not mean that development funds would be cut down. Budgetary funds, support from the European Union, and investments made with the participation of the public and the private sectors will allow us to implement the largest development programme in the history of Hungary over the coming years.

Creating and Maintaining Balance

Growth will not be durable and will not result in improving living standards for the citizens unless it is based on the conditions of solid equilibrium. The lack of balance in the economy sooner or later means serious threats: the state becomes indebted and unable to finance its tasks. Imbalance creates grave problems, first for the budget, and then for all citizens. Achieving a stable economy is our common interest, so that growing living standards will not be exposed to the threat of imbalance.

This is why creating and maintaining the conditions of balance is the second pillar of the Government's economic policy. The Government wants to pursue a rigorous and cost efficient budget policy.

This is the condition for reducing the rate of inflation, and cutting the budget deficit, and the rate of public debt to the GDP. This will also lead to falling interest rates.

The other source of improving the balance, besides a more cost efficient state, is the savings of citizens and families. We should encourage and promote self-sustenance and care for the future.

This gradually improving equilibrium will be a guarantee for Hungary for introducing the single European currency in 2010.

• *We will promote economic growth and improve the conditions for economic balance simultaneously.*

• *We will cut taxes and make the state leaner.*

• *We will pursue a rigorous budget policy.*

• *We will cut the budget deficit.*

• *We will cut the state debt rate.*

• *We will safeguard the value of the forint together with the Central Bank.*

• *Our target is to introduce the euro in 2010.*

Improving Competitiveness

- ***We will simplify the administration for investors.***

- ***We will apply new loan schemes to help Hungarian businesses.***

- ***We will support the expansion of Hungarian businesses abroad.***

- ***We will improve the conditions for research.***

- ***We will develop industry parks.***

- ***We will continue the programme supporting small and medium sized enterprises.***

- ***We will work out the second Europe Plan.***

Growing investments are a key factor for healthy economic growth. The Government of the Republic works towards turning Hungary into an attractive destination for domestic and foreign investors; we must perform well in the global competition for capital.

The Government of the Republic will create a predictable and stable legislative environment and launch effective investment and development promotion programmes to secure long-term economic growth and to improve our competitiveness.

Development tax incentives will be expanded and made available to small and medium sized enterprises. We will further facilitate the settlement of foreign investors. Administrative procedures will be simplified and the single-counter support system will be expanded to productive investments of 10 to 50 million euros.

The Government of the Republic will provide the Hungarian co-financing necessary for obtaining development funds from the European Union. Not a single euro may be lost for Hungary. We will implement those contained in the National Development Plan. The Government will work out the second Europe Plan that defines the guidelines for Hungary's development within the European Union for the period 2007 to 2013. We must, in the coming months, devise and design the modern Hungary that we may turn ourselves into, through three billion euros transferred from the Union annually, and through our own work.

We will help the development of Hungarian businesses. We will carry on and develop support programmes launched for small and medium sized enterprises. We will support technical and technological development and the partnership programmes of businesses. The Hungarian Development Bank will launch new credit facilities and schemes for Hungarian small and medium sized enterprises, and we will further promote the access of micro-businesses to credits. By furthering IT development, we will strengthen the competitiveness of Hungarian enterprises. New export credit facilities will be applied to help the international expansion and market acquisition of Hungarian businesses. We will use funds available through tenders, capital facilities, and loan schemes to support Hungarian businesses in becoming members of international networks.

The Government of the Republic will increase the level of decentralisation of development resources. We will develop industrial parks and logistic centres. We will provide support for strengthening supply chains. Our competitiveness depends on building a knowledge-based economy. We will support the creation of know-how centres for this purpose. Businesses conducting research and development activities will receive substantial additional benefits. We will support Hungarian businesses in developing new products and working out better technologies or innovative services. We will make new initiatives to promote corporate research by supporting the creation of new corporate research jobs and software development activities.

The Government of the Republic requests and offers partnership to the Hungarian Academy of Sciences. The quality of Hungarian science, the respect and recognition of our scientists is one of the most reliable cornerstone of our nation's development. The Government has the objective to gradually approach the level of public spending on science to the average of the European Union. We will establish a closer link between science and technology policies and the requirements of the economy.

Enterprises may deduct 50 percent of the local industry tax from the corporate tax base already in 2005. The 50 percent depreciation write-off for newly purchased or manufactured machinery, equipment or experimental development will also be available in the future.

We would like for more and more regional corporate headquarters to operate in Hungary, and we also support the establishment of service centres of international corporations in the country.

Smaller and More Efficient State

- ***We will continue and complete privatisation.***

- ***We will reduce the centralisation of revenues.***

- ***We will rationalise public administration.***

The excessive role of the state is not favourable for any economy. The state shall be entrusted only with the tasks that it is able to take care of safely and efficiently. In Hungary, the state is still present in many areas where it has nothing to do, while there is often not enough money or energy left for providing high quality services in the areas belonging to the state's real tasks.

Through continuing and completing privatisation, we will regroup our joint resources to infrastructure development. The only those businesses that will remain in public ownership will be those which are indispensable to take care of the state's fundamental tasks. State owned but insufficiently or badly utilised real property will be transferred to local governments if they are willing to utilise these. This shall also serve local communities.

Today the state is often overly bureaucratic, wasteful, and central administration is oversized. The government will take measures to change this. It will reduce excessive spending by the state and aim at a leaner bureaucracy. An efficient state that is to create opportunities must be matched by a cost conscious administration.

The Government of the Republic wants to make sure that the state absorbs less and less of the income of the national economy each year. This is how entrepreneurship and initiatives may gain ground.

Building Hungary

Many try to create an artificial division between the eastern and western parts of the country; Budapest and the countryside; small and larger settlements. The Government of the Republic refuses all of these. There is only one Hungary, with the capital, county capitals, smaller towns and villages forming its equal parts. All citizens of Hungary are equal, irrespective of where they live. Therefore, the development of the capital and of every region and settlement is equally important for the Government of the Republic.

The Government of the Republic will provide all support to Budapest to make sure that it becomes one of the most dynamically developing capitals of Europe and the hub of the region in economic, cultural, scientific and touristic sense. The Government itself undertakes joint responsibility for the implementation of development projects that are important for the capital and have a national impact.

Catching up on a decade old promise, we will start to build underground line No.4 in this term. The capital and the Government of the Republic will jointly finance the underground construction works. We will develop mass public transport. We will start to build the sewage plant in Csepel. We will continue building the M0 ring, including the construction of the Northern Danube Bridge.

Public transport is a major issue not only in Budapest but also in all Hungarian towns. The Government does not want to leave the settlements alone when it comes to financing public transport in cities. The government of the Republic wants to achieve – following the European model – a fair distribution of the costs of city public transport among the passenger, the local government and the central budget.

The renovation of roads of settlements is an important and urgent task. The Government will launch a national programme in which every single forint paid by the local government for the long term renovation of road surfaces in local government ownership, will be co-financed by another forint from the state.

Hungary's image is very colourful in terms of welfare, economy, infrastructure, culture and a number of other aspects. Having richer and less developed districts, the capital itself develops rapidly in general, and the same is true for a number of regions, including towns especially. However, other parts of the country, major regions have been left behind. This is an inequitable and unjustified situation. Change will be facilitated through more public funds and decentralised decision processes. Many regions that are "remote" today will be turned into more attractive areas for investors through building motorways and roads, and supporting the establishment of broadband internet networks. Co-operation in the regions, counties and small regions; sure-footed initiatives supported and facilitated by the Government of the Republic and the European Union: this is how development can reach every citizen of the Republic.

We will continue the implementation of the Vásárhelyi Plan, securing the protection of the River Tisza and its side rivers against floods; we will build the reservoir in Cigánd and start the construction works of the Tiszaroff reservoir. This programme is more than just protection against floods: with the related environmental and agricultural programmes, it is the largest scale rural development scheme of the past one hundred and fifty years, which will create better living conditions and more employment for approximately one and a half million people who live in this area.

We will continue a modernising agriculture, so that the quality of life of those living from agriculture may improve through a competitive and export oriented economy. Voluntary associations, interest organisations and co-operational organisations of farmers will be strengthened further. Support from the European Union will be used to the maximum.

We will carry on with the renovation of our protected medical spas both in the capital and the countryside. The attractiveness of our World Heritage locations and historical towns will be improved with the involvement of funds from the European Union. Programmes for the development of the Lake Balaton and its environment will be furthered.

Twenty-first Century Infrastructure

The Government of the Republic is committed to completing the motorway construction programme launched in 2002. This is how we may make sure that prosperity is built on equal opportunities. This is how we may achieve that the distance between various parts of Hungary becomes less in terms of opportunities. This is how we provide opportunities for those who want to progress.

The continuation of the motorway construction programme means that several million people may have somewhat better lives. Motorways will be completed to reach Nyíregyháza, Debrecen, Szeged, Miskolc and Dunaújváros; we will design and schedule the continuation of road No. 6. The motorway on the south of the Lake Balaton will be built on. The construction of the M0 ring will go on. Not only high-speed motorways but major and smaller roads of Hungary will be developed continuously as well. The average speed of traffic will be increased on one-fifth of the main railroad network, which means that passenger and freight transport will become faster. The Government will co-ordinate suburban and local

• We will develop public transport.

We will contribute to the renovation of roads.

We will begin to build the underground line No.4.

We will help settlements to access European Union support funds.

We will develop the infrastructure of larger towns.

We will build the reservoir in Cigánd and start building the Tiszaroff reservoir.

We will modernise agriculture.

We will use support funds from the European Union.

- We will build the motorway to Nyíregyháza.***
- We will build the motorway to Debrecen.***
- We will build the motorway to Szeged.***
- We will build the motorway to Dunaújváros.***
- We will build the motorway in the south Balaton.***
- We will continue building the M0 ring.***

- *We will modernise one fifth of the railway network.*
- *We will improve access to disadvantaged small regions.*

public transport in order to facilitate commuter traffic for those living in satellite towns. The lives of those commuting to larger cities by train will become easier.

We will continue building four- and five-digit roads and the access roads of local governments. The construction of missing road links between settlements, and especially those with no thorough traffic, will be supported in co-operation with local governments.

Jobs, Jobs, Jobs

- *Contribution credits will be available to help the young to find a first job.*
- *Contribution credits will be available to facilitate the employment of mothers returning from childcare.*
- *Contribution credits will be available for the employment of people over 50 years of age.*
- *The World-Language Programme will motivate the young to learn languages, tax credits will be offered for the same purpose for adults.*
- *The distance work programme will continue.*

Work provides living, security and self-esteem. It is the condition for individual prosperity. There are still many in Hungary who live in insecurity fifteen years after the regime change. This is the insecurity of losing work or keeping their jobs. The rate of employment is still very low in Hungary. This is why job creation and facilitating access to work is one of the key elements of the Government's economic policy.

More than two hundred thousand new jobs have been created in Hungary over the past two years. The unemployment rate is somewhat less than half of the European Union average. However, the public must now face a natural process that is present in every country with a developed market economy: factories are closed and people are dismissed while new jobs are created at the same time; there is a shortage of labour in certain areas and professions, and there is unemployment elsewhere. The balance of the past two years is positive: the number of people finding a job has grown by several tens of thousands. The Government of the Republic knows what it should do, therefore:

- it promotes and supports investments to create as many jobs as possible;
- it helps those searching for a job to take on the competition with more knowledge and being better prepared;
- by allocating benefits, it creates chances for those who suffer a disadvantage due to their positions.

Our objective is to create jobs and a decent living for as many people s possible. Several tens of thousands of families shall be able to rely on safe jobs and a predictable income by the end of this government term.

We will provide a wide range of new tax incentives for job creating developments, for larger enterprises to small businesses. The gradual phasing out of the healthcare contribution and the reduction of the personal income tax rate will also ease the salary costs of businesses.

The Government of the Republic will make sure that more and more people have competitive and demand-based skills by modernising the education and vocational training systems, and conducting a continuous dialogue with employers. The obtaining of the first profession and, in case of people older than fifty years of age, the obtaining of the second profession will be free of charge for occupations that are much sought for.

The institutional system of adult training and state of the art vocational training will be developed further to secure safe operation on the labour market and continuous training.

The Government of the Republic believes that one of its central tasks is to provide jobs for young people completing their studies. We will launch a comprehensive programme to help young people find a job. Employers employing young career starters will receive a fifty percent discount on social security contribution costs for 9 months as part of that. We will introduce the trainee system and allow scholarship-based employment in civil service. This means that well-trained career starters may enter the labour market with some serious work experience behind them.

The situation of young individuals with families will become easier because employers employing young mothers returning from childcare leave will receive a fifty percent discount on social security contribution costs. Another help for them is that employers do not have to pay the full amount of healthcare contributions after part time employees, but rather the timely prorated amount.

Promoting language learning from the youngest to the oldest also serves the purpose of more progress. We will use the World-Language Programme to help more and more children and youngsters to learn a foreign language: intensive language preparatory courses may be started in the 9th grade; the new school leaving exam in foreign languages, and tax allowances for adults who study a language, will be introduced.

We will extend the system of day-care institutions so that parents with small children or caretakers of people with long term illnesses or disabilities may also go to work. We will continue the distance work programme. The job mediation system will also be developed further.

People losing their jobs later in their lives are in the worst situation on the labour market, besides the young and those returning from childcare. These individuals will be supported by the policy that employers employing long-term unemployed over fifty years of age may apply for substantial discounts from their social security contribution costs.

Preserving health and preventing illness are important conditions for operating safely on the labour market. The Government will support this through prevention programmes. Not only targeted supports on social security contributions, but reductions of the personal income tax rate and new credits on the corporate tax and local industry tax will motivate businesses to create new jobs as well.

EQUITABLE REPUBLIC

Hungary is free but unjust today. The Government of the Republic wants to turn Hungary into a more just country, and wants to enforce the value of solidarity again. We will eliminate the situation where those who have more also receive more from taxpayer money paid by all of us. The principles of justice and solidarity will be enforced in all areas of government, with particular regard to general and proportionate taxation, the support of children and housing.

Today, Hungary is a free country where every person is born equal, but not everybody may start their lives with equal opportunities. The place of birth, the family background, gender or descent are still often more important than talent, knowledge or diligence. This is why the Government of the Republic considers that reducing the inequality of chances is its primary objective.

The equality of chances depends on eradicating destitution and fighting poverty. Still too many people feel like losers in Hungary today, paying the monthly bills is a problem for too many families, and the talents of too many children are lost because their parents have financial problems; the everyday struggle for survival is still a problem for too many of our citizens. They became, not from their fault, the castaways of the market economy and competition, and they need help.

The Government of the Republic feels responsible for every single citizen living in a desperate situation or being in need. The first step on the road to creating equal opportunities for these people is to provide concrete help to them.

Eliminating social injustice is our top priority. We will provide support to those living in need, we will help those still suffering from the problem of catching up; we will strengthen the middle class and expand their opportunities to sustain themselves; and we will expect a bigger sense of responsibility from those living in wealth – while providing greater opportunities for them by cutting taxes. Our objective is to protect children from being defenceless; to secure dignity in old age to pensioners; to create a chance for a full life to those fellow citizens who live with disabilities or help; and to provide a decent living to people living in villages and from small incomes. Through the acquisition of jobs and skills, care for their culture, and social support, we offer the possibility of integration and a policy of non-discrimination to fellow citizens of Roma origin.

More Equitable Sharing in Taxation and Lower Taxes

We will make general and proportionate taxation more equitable and just. We will reduce the tax burden on citizens and businesses. We will simplify the tax system and take decided steps to achieve a tax system that is more transparent and clear for everyone.

We will introduce two rates in the personal income tax, meaning that one hundred billion forints more will be left with the taxpayers already in 2005. The new personal income tax regime not only leaves more money with the citizens, not only simplifies the tax system but also makes the general sharing in taxation more equitable. Next year the burdens of individuals with average and lower than average incomes will be reduced primarily, and we will apply additional tax cuts over the coming years to ensure that no part of the average pay is taxed with the highest rate.

It is unjustified that individuals receive tax benefits and credits when they do not need it. This is why we will limit the possibility for individuals in the highest income tier to reduce their public burdens through a multitude of tax credits reducing their personal income taxes. These will not be available above an annual income of 6 million forints in the future – except for the credits for those raising children and living with disabilities. This will be a substantial step towards a more just and equitable sharing in general and proportionate taxing.

We will continuously cut the tax and social burdens of businesses. Introducing the simplified corporate tax was a major help for our business sector. We will keep up and develop this tax category further. However, banks will have to be prepared to pay higher taxes in 2005 and 2006 to attain a more equitable sharing of the tax burden.

More Equitable Childcare Support

We will eliminate the unjust practice that family tax credits are only available to families generating higher taxable income. It is still the case that those who have more anyway will also receive more of our taxpayer funds. However, those who suffer the biggest need do not receive any funds at all. The Government of the Republic will apply several measures to eliminate the injustice that children living under the harshest of conditions receive less support than their peers who are better off.

We will continue to support those who are in need, through regular child protection sub-

- ***A two-rate personal income tax will be introduced, we will reduce the tax burden.***
- ***The bank tax will be introduced.***
- ***We will keep and develop the simplified corporate tax system.***
- ***Tax benefits and credits for the wealthy will be reduced.***

- ***Children living under difficult conditions will receive more support.***
- ***All children will be able to obtain useable knowledge at school without excessive burdens.***

- ***The Investment into the School of the 21st Century Programme will continue.***
- ***The Safe Start Programme will be extended.***
- ***The information campaign on the rights of children will continue, and we will protect children against domestic violence.***
- ***The School Dairy Programme will go on.***

sity, and providing free school course books, and free meals in kindergartens and nurseries. Thus we will achieve that children living under the most difficult conditions will receive the most from our common funds.

Children come first. The Government of the Republic is decided to secure equal opportunities for children for their future advancement. In addition to achieving more equitable direct subsidies for the raising of children, we will apply a number of other policies to reduce inequalities in the field of chances.

No fight can be successful against social issues like unemployment, the isolation of backward regions or exclusion, unless our education is modernised. We intend to make sure that all children acquire usable knowledge at school. We will reduce the excess burden on children and emphasise the development of basic skills. Introducing descriptive evaluations and a more difficult system of complete failures in the first three grades of the elementary school serve this purpose, and the same applies to the extended phase of training basic skills in the first six grades. The renewal of the contents of education will continue according to the approved new National Curriculum.

We will continue the Investment into the School of the 21st Century Programme. We will renovate schools and educational facilities and make them suitable to convey competitive knowledge. The School Dairy Programme will continue. We will expand the Safe Start Programme with the purpose of conveying healthcare, childcare and educational services to families living under the poorest conditions.

We will continue the information campaign on the rights of children. We will act against domestic violence where the victims are usually women and children. We must urgently change the attitude that the victims must flee, and that the law does not provide sufficient protection against the assailant.

More Equitable Housing Policy

- ***Bigger and more varied support for the young to acquire their first own home.***
- ***The rental of homes will be promoted, rent subsidies will be available.***
- ***The debt consolidation of families in a hopeless situation will go on.***
- ***We will provide support for families so that they do not lose their homes.***

The new housing policy of the Government of the Republic will support those who really need help. We will help the young and those starting their careers to acquire their first homes instead of those who purchase apartments for investment purposes. But we will also help those who cannot afford to buy housing even that way. And we will not forget about those who live in disadvantaged regions or are not able to carry the burdens of a loan. Our objective is that no person shall stay without decent housing.

We provide help to those young couples establishing their first home, who do not have sufficient co-financing to start with, but can carry the burdens of servicing a debt. The state will provide a loan guarantee for the housing purchase of young couples less than 30 years of age, so that they will have the opportunity to establish their own home with just a minimum of co-financing. Also, we offer 50 percent of the social policy support available for the purchase of a new apartment to buy a cheaper, used apartment if young couples with children and with a lower income are not able to undertake the servicing of a larger debt. This means that an own home may be established even without substantial savings.

We will start a new rent assistance system in co-operation with local governments to help those in the most difficult situation. The number of public rental apartments of local governments may be increased by the fact that homeowners renting their apartments to the local government will receive substantial tax benefits. The settlement of debts of families in a hopeless situation will continue. The renovation of housing projects will also continue.

Respect to the Elderly

- ***The additional pension increase and the increase of the pension of widows and widowers will be implemented this year already.***
- ***Payments of 13th month pensions will continue.***
- ***Support for pensioners of over 75 years of age and living alone will be increased.***

The Government of the Republic believes in co-operation between generations. We must create the opportunity for a peaceful, quiet old age for the elderly. All governments are indebted to pensioners. The Government of the Republic will continue servicing this debt.

Not only will the value of pensions be held consistent, but we will also increase the purchasing power of pensions. Pursuant to the requirements of the Pension Act and due to the higher than expected consumer price index increase, an additional raise of pensions will be implemented this year, and the same increase also applies to the pensions of widows and widowers. This November we will pay the 54th week pension, next year we also pay for the 55th week, and all pensioners will receive a full month more in pension payments in 2006. Half of the additional payment will be disbursed to the pensioners in spring next year, just like it happened this year, in order to help with the higher general costs during winter.

We will increase support for people above 75 years of age and living alone already in this government term because we feel our responsibility for the elderly living under difficult conditions and unable to complement their income on their own.

Opportunities for the Villages and the Rural Areas

The depopulation of villages and the often hopeless situation of those living in the countryside is one of the most pressing social problems in Hungary today. This process is threatening us with the loss of one of our most important national and cultural heritages. Saving the Hungarian village does not only mean preserving an important element of our national traditions and culture, but also creating the chance to preserve a special way of life.

The Government of the Republic will start investment incentive programmes in disadvantaged regions to provide the people living there with as many work opportunities as possible. We will extend the social land programme and the village and farm caretaker service. We will work out a new single legislation on co-operatives. Modern co-operatives are a help for the countryside: without some form of co-operation, even family farms will become exposed to market forces. The new Act on Co-operatives provides another opportunity to protect lower income individuals living in the countryside. We support young people between 20 and 40 years of age, if they start their businesses in the countryside, and we continuously help them to acquire competitive, modern skills.

We will further develop government programmes aiming at improving the living conditions in rural areas and stopping migration away from the villages.

- ***Investment promotion programmes will be launched in disadvantaged regions.***
- ***The social land programme and the network of village and farm caretakers will be extended.***
- ***A new, single legislation on co-operatives will be drafted.***
- ***We will support young farmers if they start an own agricultural business.***
- ***We will support Hungarian agricultural businesses in obtaining modern economic skills.***
- ***We will support the extension of opportunities to generate income in the countryside.***
- ***We will continue the village development and renovation programme.***

True Equality for Women

All the important legislation that secures the right of women to equal opportunities in the countries of the European Union is already in force in Hungary. This, however, does not mean that women would truly have equal opportunities with men, when it comes to finding a job, or building their careers. Many forms of concealed and open discrimination exist in our society. The Government of the Republic has the objective to secure true equality to women: the principle of "equal pay for equal work" should not remain just a slogan but should become practice; and nobody should be rejected from a job because of not yet or already having a child. We should widen the system of services and work opportunities to have conditions where women do not have to choose between having a family and having a career.

- ***The principle of "equal pay for equal work" will be turned into practice.***
- ***We will create an environment where women do not have to choose between family and career.***

The Chance of an Unimpaired Life for People with Special Needs

Equal opportunities are most important for those who are only able to live their lives through relying on help from others. Equal opportunities mean to the Government of the Republic nothing less than the opportunity to live the fullest and most autonomous life possible. Support for the caring family may bring easier and happier life for those who need constant care. Every society is morally liable to do something for those needing help.

We will continue with the programme of eliminating physical obstacles to improve the quality of life of those living with disabilities; and we will ensure that more and more public facilities and services are accessible to people living with disabilities.

We will provide special quality care to families that take care of children or adults living with multiple disabilities.

We will also modernise the support system of the employment of people with reduced working abilities, thus ensuring that this substantial amount of support funds is used more efficiently to integrate these individuals into the world of labour.

- ***We will continue the elimination of physical barriers.***
- ***Priority care for families caring for people living with disabilities.***
- ***Employment programmes for people living with disabilities.***

Equal Opportunities for the Roma

The Government of the Republic refuses every form of racism and exclusion. Besides making a theoretic commitment, we will also take concrete measures to integrate our fellow Roma citizens, who live in a disadvantaged situation due to discrimination and prejudice. We will continue with the policy of creating opportunities for and eradicating discrimination against Roma citizens in the areas of education, employment, housing, healthcare and culture.

Integration programmes will also continue in education. We will use a normative integration payment in schools to ensure that they do not start separate classes for Roma and non-Roma children, but teach them in an integrated approach. The From the Last Bench Pro-

- ***Integration programmes will continue in education.***
- ***Acceptance in healthcare will be improved through the Tolerance for Health Programme.***

- ***Training, consulting and public work programmes will help the Roma to have access to work.***

programme will be used to ensure that children unjustly classified as disabled may go back to normal school classes. A further training programme for teachers will help them to apply and use inclusive educational approaches.

The Tolerance for Health Programme allows us to improve the willingness of healthcare institutions to be inclusive, so that Roma citizens do not suffer any discrimination in hospitals and medical facilities. Special training and consulting programmes are also available to support the Roma in their integration into the labour market. The spreading of Roma culture, and the familiarization of this with the public will be supported.

MODERN AND DEMOCRATIC REPUBLIC

Hungary today is free but unevenly developed. The other main ambition of the Government of the Republic, besides finding a remedy to social injustice, is to modernise Hungary. A number of programmes have been launched over the past two years that are aimed at working on our inherited backwardness. Roads are being built, our towns are developing, more and more people go to university, and more and more people use the internet. Still we are very far from the expectations of Hungarian citizens and the level of the European Union. This is why we must speed up modernisation and development.

The citizens of Hungary often do not feel that the Republic is their own. They are confronted with the unreasonable actions of institutions and the bureaucracy, the abuse of power, and they often believe that decisions about them are made over their heads, without any possibility to interfere. However, the Republic will not be strong unless its citizens trust the democratic institutions, feel safe, and feel that the state and its agencies are for them, and not the other way round.

The Government of the Republic respects the freedom of confession and the faith of every individual. It guarantees the conditions for the free practice of religion without any discrimination. The Government of the Republic counts on the churches and relies on and supports their moral, educational, cultural, training and social activities.

We look at ethnic minorities in Hungary as integral and equal parts of our nation. Nurturing their culture, traditions and native languages enriches the whole country and the entire nation. Their relations with the mother countries is the interest of and a benefit to Hungary. The Government of the Republic initiates the formation of a political consensus necessary for securing the parliamentary representation of minorities.

The Government is committed to strengthening the confidence of its citizens in democracy. An important step towards this is cutting bureaucracy, establishing a cheaper and more efficient public administration, eliminating parallelisms and spreading a customer friendly approach. The Government will take efficient measures to fight corruption. It will aim at ensuring that decisions are taken down to a level closer to the people. This is why the institution of local governments will be strengthened and decentralisation will be pursued. Enhancing the security of the citizens requires improved public order and a better security of properties, the guaranteed independence of the judiciary system, and the speeding up of the work of the courts.

Our objective is to build a twenty-first century infrastructure and a knowledge-based society. Our objective is to strengthen the confidence in democracy, to establish a cheap service provider state and to guarantee the unbiased nature of the judiciary system – all of which means the creation of everyday democracy.

The State as Service Provider

The citizens of the Republic rightfully expect less bureaucracy and better services from the state in return for their tax forints. Today's bureaucracy shall be downsized; the wastefulness of the state shall be eliminated.

We will act against corruption in the most decided way, and we will lock legal backdoors before the tricky people. We will perform a due diligence exercise of public administration, eliminate parallelisms, simplify the administrative procedures – and thus make this a cheaper state.

Building upon the concept of the customer friendly authority, we will create the single counter system. The Public Administration Customer Service Charter will be passed. The network of document offices will be expanded. The People's Lawyer Programme will continue, so that even those who are not able to pay for it will be able to have legal protection. Two new courts of appeal will be established, in Debrecen and Győr. The IT conditions for a modern, fast and citizen-friendly administrative system will be created. The twenty mandatory electronic services customary in the European Union will be introduced.

- ***We will act against corruption.***
- ***We will continue the People's Lawyer Programme.***
 - ***The authenticity of real property registers will be restored.***
 - ***The publicity of the legislative process will be enhanced.***
- ***New courts of appeal will be set up in Debrecen and Győr.***

Providing Public Administration Services for the Citizens

One of the biggest achievements of the regime change was the creation of the institution of local governments. However, after fifteen years, the reform of Hungarian public administration shall not be delayed any further. No government has ever dared to make substantive changes to the system of Hungarian public administration, so that it is obsolete from many aspects, and does not meet the requirements of the twenty-first century.

We need a public administration that provides services, and that is not governed by the logic of bureaucracy, but rather by the requirement to fulfil tasks as efficiently as possible. It is the firm intention of the Government of the Republic to establish a customer-friendly, efficiently working public administration that is not any bigger than necessary, and is more in line with the needs and expectations of the citizens. Public services will be stabilised through the incitement of better performance.

Our accession to the European Union also requires that our public administration be modernised. The direction of such a public administration reform may be decentralisation and regionalisation. This government represents the standpoint that decisions should be taken on the level closest to the people. We trust citizens, we trust local communities, because it is them, the people who are concerned, who know best what they want. Decentralising decisions and strengthening the concept of local governments also mean expanding opportunities and responsibilities.

This means that public administration in Hungary should be transformed, so that regions may play a central role in it. We need regions delineated for long term.

The Government of the Republic understands that not all of the necessary reforms in public administration will be possible to be implemented in this government term, because they would also need active support from the opposition. However, the Government will take those measures facilitating the establishment of a service providing public administration, that are permitted by the political circumstances in this government term.

The Government of the Republic will also take concrete measures to reform public administration. Under the aegis of decentralisation and local governments, we will promote the delegation of development decisions determining the future of a region, to the level of regions and small regions. The tasks, the funds necessary for implementation and the responsibilities should be surrendered to those who have the greatest competency: smaller and larger local communities.

We promote regional, intercommunal co-operation between settlements. We intend to ensure that people and their children, living even in the smallest settlements, may use state of the art, good quality education and healthcare within accessible distance, and the scarce resources of a small village do not limit their chances and possibilities. We will provide incentive support to established regional partnerships for the joint performance of local governmental responsibilities covered by regional and small regional co-operation forms.

The Government will prepare the medium term programme of reforming public administration as a run-up for the in-depth reform. We will secure central budget funding for regional and small regional development projects implemented in line with the National Development Plan, and we will give the independent decision taking competency to Regional Development Councils and Small Regional Development Councils.

Strengthening Public Order and Security

Democracy may only be strong if people feel secure. The Government of the Republic is committed towards the Constitution and the rule of law. We intend to create the order and security of freedom. The Government has a wide interpretation of the concept of security: it feels responsible for strengthening the security of living, preserving the rule of law and improving public order, just like undertaking a role in responding to global challenges and fighting international terrorism.

We will make the police more "visible", to improve the sense of security of the citizens. The City Police will be established in Budapest, and a special police programme will be launched for the housing projects of larger cities. The equipment and facilities of the police will be continuously developed. The first step of the police development programme until 2010 will be the acquisition of a thousand new police cars in 2005, to strengthen the police. We will take the necessary measures to improve the safety of traffic. The concerted work and development of the police, the border police, the customs and financial authority, the disaster authority and the national security services will multiply the abilities and capacity of policing organisations.

A new legislation will be devised for legal help to, and mitigation of the losses of victims.

A new legislation will be developed on the execution of penalties and correctional measures, so that punishments serve prevention and the protection of the society better than now. We will develop the service of parole officers. We will continue our crime prevention programmes. We will build two new correctional facilities, with a capacity of 700 inmates each, and continuously modernise our existing correctional facilities.

- ***We will prepare a profound change in public administration: decentralisation and regionalisation.***

- ***We will initiate negotiations on the transformation of public administration as co-operating partners.***

- ***We will promote and support intercommunal co-operation forms.***

- ***We will create the IT background of modern public administration.***

- ***Thousand new cars will support the work of the police.***

- ***We will continue the crime prevention programme.***

- ***We will launch a fire prevention programme.***

- ***We will draft legislation on the protection of victims and the mitigation of their losses.***

The border police will be adequately equipped by 2006, so that Hungary will be able to become a full member of the Schengen region.

We will start a fire and disaster avoidance programme based on the target that fire and disaster protection units with the appropriate equipment shall access any location in the country within 15-20 minutes.

Protection of the Homeland

- ***Conscription will be abolished.***
- ***We will build and renew 500 service apartments.***
 - ***We will restore 1500 places in army camps.***

The defence of the homeland confronts the Government of the Republic with new tasks in the twenty-first century. We are members of NATO and our alliance policy is unambiguous. Hungary has become a stabilising force in the region. However, a new enemy appeared in the beginning of the twenty-first century: terrorism. Organisations responsible for security – from the police to the army – shall get prepared for fighting these new threats.

The Hungarian Army is facing one of the most significant reforms of its history. We will establish a professional army which is well-equipped and is able respond efficiently to our tasks in NATO, and which does not force our young citizens to waste several months of their lives meaninglessly.

We will end the conscription army and establish a professional military, and submit the relevant legislative package to the Parliament. The involuntary army replacement system will also be abolished.

Five hundred service apartments will be renovated and constructed for army officers and their families. The Army Base Reconstruction Programme includes the renovation of 1500 places. We will work out the new National Defence Strategy, which will also take into account the new type of threat represented by terrorism.

We will meet the expectations ensuing from our NATO membership as far as our possibilities allow; and we will be reliable and predictable partners of our allies. Undertaking an active role, we will support the fight of the free world against terrorism.

Transforming Higher Education

- ***We will launch the biggest development programme in higher education in the history of Hungary.***
- ***We will launch the reform of higher education.***

The Government of the Republic launches the reform of higher education. The objective is to create a higher education system that provides high quality and competitive knowledge, but can also manage taxpayer money in a reasonable way. The training structure will be changed according to the Bologna Process. This reform will yield the result that institutions will become traversable both within Hungary and on the European level, the number of students will match quality requirements, and the majority of graduates can enter the labour market after three years with a usable diploma. Working in reconciliation with the heads of higher educational institutions, we will achieve a more efficient management of activities in higher education.

The largest ever higher education development programme of Hungary's history will also be launched: new lecture rooms, state of the art training centres and, by the end of 2006, several thousand new and renovated dormitory places will be established, through a co-operation between the state and the private sector.

National Heritage, National Culture

- ***We will renovate the Castle District and the Matthias Church.***
- ***We will begin the preparation of the Museum District in Óbuda.***
 - ***We will build the House of Future.***
 - ***We will renovate 50 houses of culture annually in the countryside.***
 - ***Cultural treasures of world fame will be brought to Hungary for exhibition.***

Our objective is to preserve our national heritage, to offer colourful cultural services, to introduce our national culture to the world, and to bring the cultural treasures of the world to Hungary.

The government of the Republic will sacrifice substantial financial resources to safeguarding our national treasures in a worthy way, and will launch investments that will further enhance the wide variety of our cultural offering. Creating and strengthening locally accessible basic cultural services will reduce the cultural gap between towns and small villages.

The renovation of the Castle District of Buda will continue. The renovation of the former World War II military headquarters adjacent to the Sándor Palace and of the Matthias Church will be commenced. Preparatory works to establish a Museum Quarter in the area of the Óbuda Gas Works will also start. The Palace of Arts will be completed and inaugurated in the Millennium Town Centre.

The largest museum development programme of the past fifty years, the Alfa Programme will continue for the cultural development of rural areas. Fifty culture houses and libraries will be renovated in small rural settlements each year, and they will receive advanced IT devices and broadband internet access.

The House of Future, an interactive innovation, cultural, and educational centre of the twenty-first century will be erected in the Millenary Park. The National Digital Archives and the National Audiovisual Archives will be created.

Building upon the Film Act, we will turn Hungary into an attractive and competitive destination for international filmmaking.

Hungarian culture is a treasure of Europe. Hungarian citizens demand a variety of cultural services. There is a need, there is a demand, and it is the responsibility of the Government to generate a supply in co-operation with the private and the civil sectors. However, culture may not be a privilege of the few, it is a public treasure.

We will carry on with the international promotion of Hungarian culture and the presentation of the cultural treasures of the world in Hungary. Hungarian cultural seasons will be organised in the Netherlands, Russia and Germany in 2004, 2005 and 2006 respectively.

Outstanding works of art from the international arena will be brought and presented to the Hungarian public from Great Britain, France, China, the Ukraine and the United States.

Building the Information Society

The Government of the Republic promotes the spreading of computer literacy and internet use. The Schoolnet Express Programme will continue. The Public Net will be completely established by 2006. This also means that all schools will receive broadband internet connections in 2005. The number of broadband internet access points will be increased further.

Four thousand eHungary points will be established by early 2006 meaning that all Hungarian settlements will be connected to the network. We will support electronic public administration solutions, e-local government, electronic services and the general acceptance of digital signatures.

The building of the information society goes hand in hand with the strengthening of the institutions of democracy and the establishment of a public administration of servicing nature. Conducting the work and business of public authorities, publicly financed systems and state services before the public is an essential condition for that. Taxpayers are entitled to know how the authorities use their tax forints and political legitimation.

The enforcement of democracy and the fight against corruption make it necessary for the operation of the state to become transparent. Therefore, the right to obtain and disseminate data of public interest should be strengthened as stipulated in the Constitution:

- by the general review and perfecting of the guarantees contained in the Act on the Protection of Personal Data, and the Publicity of Data of Public Interest, as necessary for the actual enforcement of the freedom of information;
- by the general codification of the freedom of electronic information; and
- by securing the requirements of the freedom of information with special regard to information from the judiciary system, the public benefit use of public databases, access to healthcare information, and reviewing the rules of cultural support.

- ***We will complete building the Palace of Arts.***

- ***All schools will be equipped with broadband internet access in 2005 as part of the Schoolnet Express Programme.***

- ***Broadband internet access will be extended.***

- ***Four thousand eHungary points will be established.***

- ***We will support e-public administration.***

- ***We will pass a legislation on the freedom of electronic information.***

LIVABLE AND FAMILIAR REPUBLIC

Hungary today is a free European country but the quality of life and life expectancy of its citizens is far behind that of their West European peers. We live in an unhealthy way, and we live in an unhealthy environment. The issues of health and the issues of the environment cannot be treated separately. This is why the government of the Republic will start general programmes to improve the quality of life.

Our objective is to ensure that the life expectancy of Hungarian citizens increases by three years within the next decade.

It is the joint liability of all governments after the regime change that they have not taken sufficiently courageous and decided steps to reform healthcare. Outstanding professional performance, serious disparities and a lack of resources in a distorted structure are all present in the healthcare system at once. The healthcare system is both wasteful and impoverished. The continuously growing budget transfer from the Government of the Republic financed from taxes and contributions, provides sufficient resources for a number of changes securing better care to citizens.

Additional profound changes are needed in healthcare. The whole healthcare organisational system and system of incentives must be reformed. The role of the state should be reduced and the possibility for the competition of service providers should be increased by the transformation. Private capital should play a bigger role in healthcare, with sufficient controls.

Still, it is impossible to complete the general modernisation of healthcare by 2006. However, the responsibility of the Government of the Republic is not bound to government terms but to the interests of the nation. Consequently, the Government of the Republic has a double task. First, we should make the necessary preparations to speed up the reform of healthcare and lay out the directions and the expected results of this reform. Second, we should take the concrete measures that are possible to take in the next two years.

More Efficient, Better Healthcare

- ***We will support the improved quality of outpatient care.***
- ***We will increase the comfort level of hospitals.***
- ***The funding of healthcare will be made more transparent and plannable.***
- ***We will improve the conditions for the involvement of private capital.***
- ***We will take measures to fight gratuity moneys.***
 - ***The eradication of ragweed will continue.***
 - ***100 gymnasiums and training pools will be constructed in schools.***
 - ***We will continue with the development of sports facilities.***

The problems of healthcare in Hungary can only be solved on the long run by a healthcare system based on the principles of solidarity and the respect of market conditions. It is the task of the Government of the Republic to create the conditions for reforming the healthcare systems. We will prepare the decentralisation of developmental and organisational decisions; we will devise a proposal for a system providing care close to the public, on the basis of a new structure of incentives through the introduction of the care insurance system. We will define the mandatory minimum healthcare insurance package; further develop pre-emptive savings and voluntary healthcare funds facilitating self-care. Private investments for public purposes will be incentivised.

Improving the quality of healthcare services is a priority task for the Government of the Republic, even if this fundamental reform of the healthcare systems is a task spanning over several government terms. The Government will implement a series of measures over the next two years that will essentially improve the situation of healthcare in Hungary.

Gratuity payments are a disgrace to both the patient and the doctor. So it is the responsibility of the Government to act against it. The Government should strengthen the rights of the patients to achieve progress in this area.

Outpatient care is particularly important if we want to provide quality healthcare. The Government supports a substantive quality change in outpatient care through allowing the staff of these institutions to become shareholders.

The Government shall continue the hospital upgrade programme and the development of quality assurance and institutional quality certification systems. We will continue the development of emergency services, the replacement of ambulance cars and the renovation of emergency stations. The system of specialised doctor training will be redesigned. We will work towards a long-term agreement with all participants of healthcare, about career influencing circumstances and the realignment of wages proportionate to actual performance.

All of the above programmes require healthcare funding to become predictable, plannable and stable, and the distribution and use of resources to become more transparent.

The Government of the Republic treats the fight against cancer, one of the most serious diseases, as a top priority, which also requires the rapid development of diagnostic and therapeutic processes. The network of heart catheter laboratories will be expanded to improve the healing chances of people with cardiovascular diseases. The public healthcare programme will continue. We will also carry on with the programme for eradicating ragweed, and reducing the presence of other allergenic plants and materials. The Government of the Republic is decided to improve the quality of life of the citizens by promoting a healthy lifestyle, developing healthcare and reducing environmental pollution detrimental to health.

Improving the quality of life starts by education to a healthier lifestyle. Sports are the basis for healthier living and one of the most efficient tools of education. We will build 100 gymnasiums and training swimming pools in schools by 2006, to offer more opportunities to do sports to our children. Sports are a commons national affair. The state must not withdraw from sports. The future of sports in Hungary will receive a solid foundation through the Sports XXI Programme. We undertake a role in facility development, the general funding of school and student sports and the partial funding of recreational and competitive sports. However, profit oriented sports enterprises will receive financial support on an exceptional and temporary basis only. We want to ensure that sports become an everyday leisure activity for more and more people. The publicly defined range of sports achieving and maintaining international fame and success for Hungary will receive direct subsidies. We will eliminate "red tape" for budget funds defined by legislation in advance. We will introduce the one purpose, one funding channel principle.

Protecting the Environment

- ***We will support the spreading of selective waste collection.***
- ***We will increase the rate of recycled materials.***
- ***The "polluter pays" principle will apply.***

The modern world is clean. Therefore we want a modern and clean Hungary. The Government of the Republic is committed to the principle of sustainable development and the protection of the environment.

The protection of the environment and nature and the improvement of the quality of life is a task within the borders but also a cross-border responsibility. Decisions that are in harmony with the interests and values of the environment are needed on national and local levels. We must form partnerships that span from the regional to the global level.

Protecting the inhabited and the natural environment is a central element of improving the quality of life. We will rely on support from the European Union in this area as well. We are committed to protecting the environmental values of our national treasures, the River Danube and the Lake Balaton. We will also enforce the regulations on the protection of animals and on the requirements concerning environment protection.

We will launch programmes to reduce the amount of waste and to spread selective waste collection and recycling, because we want to protect the environment and nature. The "polluter pays" principle will apply.

Environmental risk situations will be reduced through more rigorous controls, stronger authorities and consequent legislation. Our national parks will be transformed into service providing entities.

EUROPEAN REPUBLIC

Hungary is our land, Europe is our home and the United States of America is our ally. We look on all democratic countries as partners. Hungarian foreign policy has successfully restored the confidence of the international community towards Hungary over the past two years. The foreign policy objectives set at the time of the regime change have been implemented by today. Our country has become a member of the European Union, thus completing the process of our integration into the community of the developed, democratic countries of the continent. Historic reconciliation has been achieved with the neighbouring countries in the past two years, and former tensions have been solved. Hungary has become a stabilising factor in the region. Hungarian foreign policy supports the enforcement of the rights and interests of Hungarians living abroad, always in line with the norms of the European Union.

The Government of the Republic will continue this foreign policy. Its objective is: to build relations that promote the enforcement of national interests; an active and proactive Europe policy; a neighbourhood policy serving the stability of the region, as well as the interests of Hungarians living abroad; the strengthening of the North Atlantic Alliance and the supporting of the fight against international terrorism.

Hungary in the European Union

As the member of the European Union, Hungary will see opportunities opening up that have been unprecedented in its history. Being in the Union, we may be able to shape decisions that influence our future. As members of one of the strongest political and economic communities of the world, we find that our opportunities to represent and enforce our interests in the world have grown substantially. The scope of action of our foreign policy has become much broader.

The Government of the Republic strives to make the operation of the European Union more democratic, more transparent and more efficient, and thus serve better the interests of the citizens. It is particularly important that the currently drafted budget of the European Union for the period 2007-2013 provides funds for the closing up of Hungary and the rest of the new Member States. The Government is aware that enforcing interests in the European Union may only be successful if built on concurrent interests and managed through the right alliances.

We are interested in increasing the role of the European Union in the world economy and the international arena, and thus having a word in shaping the future of Europe and the world as well.

The Government supports the Euro-Atlantic integration of our neighbours and other countries of the region, the ambitions of Rumania, Bulgaria and Croatia to join the European Union.

Hungary in the Carpathian Basin and the Region

A member of the European Union and of NATO, Hungary assumes an active role in strengthening the stability of the region. Acting in line with the neighbourhood policy of the European Union, Hungary broadens its relations and expands its co-operation with its neighbours and other countries of the region, with special attention paid to Serbia-Montenegro and other countries of the West Balkans and the Ukraine. Hungary supports democratic development, political, economic and social reform.

The reunification of the Hungarian nation within the framework of Europe is an important objective for the Government of the Republic, so that Hungarians may prosper in a wider community, notably the European Union. This is necessary so that Hungarians may preserve their identity and may enrich Europe through their language and culture, and become a successful nation. We support the ambitions of Hungarians living abroad to obtain autonomy, in line with the spirit of practical solutions within Europe based on a compromise between the majority and the minority.

Hungary's Security

The Government of the Republic believes that the further strengthening of transatlantic relations based on common values is a guarantee for the security of our country and for the preservation of our civilisation – enlightenment, pluralistic democracy, open society, the rule of law and the respect of human rights – for the future.

Handling the new type of global and regional security challenges, and successful action against international terrorism is possible only through the concerted efforts of the European Union and NATO, the widest possible co-operation of democratic countries, and a bigger role undertaken by the UN and other international organisations. We are prepared to under-

- ***We will exploit the benefits of our membership in the European Union.***

- ***We will enforce our national interests in the European Union.***

- ***We will co-operate actively in shaping the future of Europe and the world.***

- ***We will co-operate with neighbouring countries.***

- ***We will support Hungarians living abroad, so that they may prosper in their native land.***

- ***We will participate in shaping the neighbourhood policy of the EU.***

- ***Respecting the abilities of the country, we will do all we can to fight terrorism.***

take a role in the execution of the Common Foreign and Security Policy of the European Union, the creation of a joint European defence structure, the renewal of NATO, and the strengthening of transatlantic relations and the strategic partnership of Europe and the United States of America.

- ***We are committed to strengthening our transatlantic relations.***

New Objectives and Emphases in Hungarian Foreign Policy

The foreign policy objectives of the regime change have been attained: we have joined the North Atlantic Treaty organization and the European Union. Hungary may conduct its foreign policy as a respected member of the community of developed, democratic nations. This new situation requires the formulation of new objectives:

- the full utilisation of the advantages ensuing from our membership in the European Union, the efficient representation of our national interests;
- supporting Hungarians living abroad in finding prosperity, enforcing their rights, keeping their language and culture; the reunification of the Hungarian nation within the framework of the enlarging European Union;
- the strengthening of co-operation with the neighbouring countries, supporting their Euro-Atlantic integration and accession to the European Union; contributing to the strengthening stability of the region;
- the continuous building of contacts and the reinforcement of co-operation with such important factors of international politics like Russia, China, Japan and India;
- the establishment of contacts in line with the foreign policy objectives of the European Union, co-operation in the economy, science, culture, sports and tourism with the Mediterranean and the states of Asia and Latin America;
- supporting the fight against international terrorism.

SHAPING THE FUTURE

The Republic is fifteen years old. The Government of the Republic sees itself as the heir of the regime change. We are proud of our Republic that has provided and is providing a solid foundation for protecting our freedoms and taking care of our common issues. The revolution of the rule of law made it possible for us to fulfil an old dream: the dream of Széchenyi and Kossuth, the dream of Deák and Eötvös about a Hungary where we may live in freedom and welfare as European citizens, while we may still be proud of our own nation and national traditions. We see the Constitution of the Republic as our own and, therefore, we protect it. We strengthen parliamentarism, the rule of law and the system of democratic political institutions. We protect the independence of public administration, public services and the public service media. Public service means the service of the democratic Republic, which must prevail over the political or other ambitions stemming from the personal ideologies of those participating in public service. Serving the Republic means serving our common fatherland and not some political movement or party.

Hungary has been successful in meeting its European integration objectives in the past fifteen years. However, no qualitative change could be attained in the lives of individuals and their strengthening communities. It is the responsibility of the Government of the Republic to initiate, organise and steer the

social, public, professional and political dialogue that will outline the vision of a new, better Hungary for the coming decade by the summer of 2005. The vision of a free, just, prosperous, modern, democratic, familiar and European Hungary. A country that turns the European quality of life into an everyday experience.

Our integration into and closing up to the community of Europe is nothing more than a good foundation for that. We must seize the opportunity ourselves. The Government of the Republic will prepare the second Europe Plan for the period 2007 to 2013 which, by using approximately eight thousand billion forints from Union and national funding, and involving several additional thousands of billions of forints from economic and social partners, will set Hungary on a new growth path. Implementing this grandiose plan is the responsibility of the Government, but the vision and desire of the Hungary of the future may only be the result of a true public dialogue and joint work. Our success requires us to always keep an eye on the challenges and opportunities of tomorrow and the days after, when solving our daily tasks, and to do this irrespective of government terms.

The Government will do its work under this twofold responsibility.

For the Republic! For Hungary!