

## Economic Policy and Foreign Trade of Hungary

Fáyiné Péter Emese

Hungary, a small country in East Europe has only about 10 million inhabitants. The role of foreign trade is evident in such an open economy, but our economical conditions have become more difficult since the beginning of the 1980s. We know well, that this process continues. The importance of the international economic relations is increasing for us and creating for Hungary new growth prospects.

### *The main tasks of external economy*

Actually Hungary does not dispose extensive resources of either manpower, raw materials or capital, i.e. more must be produced than earlier relying on existing resources. The further improvement of the Hungarian system of economic management serves these purposes. In the coming years we expect the changes to be implemented in all three elements of economic management: in planning, in regulation and in the institutional and organizational system, so that the economy will be stimulated more perceptibly to adjust flexibly to the circumstances, to mobilize reserves and thereby to realize our goals. The foundation of Hungary's present economic policy is a more flexible adjustment to world economic conditions and a policy of strict external and internal equilibrium.

Hungary reacted to the changed world market conditions of the seventies with delays and not forcefully enough. This played no small role in the country's accumulating debts at a rapid rate. Deteriorating external and modified internal conditions have seriously tested the economy. It is sufficient to refer to the deterioration of the terms of trade, more difficult marketing and credit-raising conditions, the huge debts and the burdens they imply. In Hungary the reserves of the present economic policy are on exhaustion. Instead of modifying distribution we should devote greater attention to the improvement of efficiency, the modernization of the economic structure and the growth of the income-creating capacity of the economy.

According to the Hungarian 7th five year plan (1986-1990), over the full plan period exports should surpass