

2. ENVIRONMENTAL PROTECTION

Is there any remedy for the environmental crisis in the former socialist countries?

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I. Initial theses

1. The present position of former socialist countries in Eastern Europe is one never experienced before in history. Our attempt to escape is, unfortunately, a unique phenomenon so that only a limited utilization of the experience accumulated in the developed world is possible to us.

2. A direct consequence of the foregoing is that notions characterizing the progress paths of developed industrial countries (e. g., post-industrial, industrial market, property) don't apply to our conditions in identical sense. Obviously, in all spheres understanding is rather difficult since one has to know that although we also speak, for instance, about market economy but anyone who is familiar with the economic conditions in Hungary will know that here the meaning of this term is quite different.

3. In market economies the whole of the state's role in environmental protection is by all means positive. On the contrary, what we learned was that the role of the state should be strictly restricted. In the socialist system the intervention of the state was directed primarily toward direct production, and the state was unable to perform its true duties: improvement of the infrastructure, betterment of the environment. Moreover, it is the very production facilities possessed and controlled by the state that become the biggest polluters.

4. Because of differences in the notions it is rather difficult to determine the type of market economy towards which we might and could escape from our given position. Since deficiencies in the currently functioning market economies are also known, e. g., in the field of environment protection, we would like to avoid them in the possible greatest number. The measure of this possibility is a question. One of the greatest achievements of this conference could be to provide guidelines and advices for avoiding pitfalls.

5. Our common point of departure is that, although by different intensities and consciousness, in both systems the economies are being in an incited status where the raw materials, energy and, in general terms, the environment of the economy is consumed immoderately. In both systems protection is characterized by a control system which tries to govern the undesirable effects sporadically and, in general, as an alien body within the economic system. In the practice of developed industrial systems the germs of a comprehensive control system embedded equally in economy and society already exist. For us, to whom the category of industrial society doesn't apply, it is a large question that how big and what kind could be a jump to this direction, considering at the same time that, if possible at all, we have already used up our environment to a greater extent than did the developed countries.

Below we want to support these theses.

II. The state of the environment in Hungary

In the countries of Eastern and Central Europe, including Hungary, in addition to an economic-social crisis serious environmental problems and crisis phenomena should also be faced. In addition to her debt of

20 billion dollars Hungary has accumulated a debt of at least the same magnitude on the account of environment and human health.

III. General causes of the environmental crisis

On the whole it can be stated that basically the economic, social and ecological crisis developed in Eastern Europe is system-dependent, it is based on the dichotomy of directed economy – paternal society.

The all-imbuing Stalinist and post-Stalinist ideology was characterized by a kind of „environmental nihilism”. This manifested itself on the one hand in declaring the unlimited domination of man over nature, and in the absoluteness of a technocratist way of thinking on the other. Consequently, the economic and production systems so developed were characterized by the preference of megalomaniac, raw material and energy wasting structures involving the exploitation of nature.

At the level of society, with reference to the rhetorical significance of human factors, all things were done to suppress the manifestations of the civilian sphere disturbing the system.

In its narrower sense the economic-technocratist approach was embedded in such a social atmosphere and attitude that promoted the conservation of the aforementioned processes.

A consumer's attitude, which is a replica of an earlier western model, can also be mentioned here. To prolong its survival when the rule began to lose, the old elite made a great contribution to the domestication of a qualitatively poorer and at the same time more environment-destroying variant of this model, through subventioning the consumption from western credits. And what is more, what this élite used up was common property which is inconceivable according to proprietary rights, exhausting thereby in an even more unlimited and irresponsible way the sources available for future generations for development.

IV. The most important differences between „West” and „East” from the viewpoint of environmental protection

1. Consequences of the proprietorship

The question of proprietorship as a point of departure was decisive in the treatment of environmental problem. The domination of state ownership resulted in the following schizophrenic condition: Simultaneously the state was the owner of polluting facilities and the authority proceeding against the same polluters. A characteristic example is that frequently the investments built from public funds upon a central order had been implemented without suitable wastewater treatment facilities and then the same state imposed fines on the plants already operated. This was the way through which the principle „polluter pays” could be turned to its wrong side in the socialist practice.

2. Distorted economic structure

The structure of the country's economy doesn't suit either the natural conditions or the country's production traditions. The distortion has reached such a magnitude which by no means could have been tolerated by a market economy.

The most obvious evidence of the ignorance of natural conditions appeared in the agriculture of the fifties with growing a rubber plant (*Taraxacum kok-saghiz*) and orange, but ultimately the whole of the socialist era was similar. Its ideological roots can be recognized in the 19th century myth of subduing the nature. In the communist ideology and economic theory the natural resources were not, or just slightly, considered valuable.

Another conceptual problem of this ideology was the fetishization of industry, and within it, heavy industry. An economy which is based on ideology could only be operational in a centrally controlled system supported by public property.

3. Outdated and conserved technological level

The achieved technological level was one that could be inconceivable in a market system. The application of technologies wasting materials, energy, environment and manpower was the result of copying the Soviet practice. As shown by the outcomes this can lead to a failure even in big countries with abundant

natural resources but for Hungary, a small country, this was directly a suicide. The created low or medium level was conserved for a long period by the politically organized CMEA integration.

4. Intentionally poor regulation

Environmental regulation applied in Hungary was unable to resolve the conflicts whose roots could be found in the contradictions caused by proprietorship and in guidelines intending just specious solutions. A characteristic example is the system of fines where the exceedance of the applied limits is tolerated and punished simultaneously. This way of thinking was linked to a policy which kept the society in a permanent punishable conflict state, introduced unaccomplishable rules, and overlooked the transgression of these rules, keeping thereby the citizens, companies and leaders in bay.

5. Financing on a residue principle

Environmental protection as a „sector”, just as the other infrastructural sectors, never obtained the resources it would have needed. This feature of financing was not influenced by profitability at all; e. g., the poor telephone network, with its technical level below the world average, can cause much more losses to Hungary already in a medium-term period than the cost of solving this problem. The reason is that the environmental and infrastructural sectors with their unfavourable position couldn't take a stand in the negotiations for resources with such a weight that would have been able to counterbalance the strength of production lobbies and ideological approaches.

6. Intentionally poor organization

When establishing an organization the intention was to achieve that the to-be environmental administration cause the possible smallest danger for the functioning of the régime. This goal could be achieved on the one hand through granting a suitably narrow authorization and actual power and, on the other, by making impossible the cooperation between the environmental agencies and the movements of citizens. In many cases the activities associated with environmental protection can mean some opposition, and this was the very thing which was tolerated the least by the thinking of the socialist leaders. In this way the non-governmental environmental protection became automatically an opposing behaviour in the eyes of those in power.

7. Lack of information

In the time of sharpening environmental problems a rather peculiar method developed for treating them. What is unknown by the people or what cannot be proved with due scientism and measurements, it doesn't exist or it is harmless. The solution is to keep the measurement network at a low level, to make the results of measurements secret and to keep all the possible things even from the local decision makers, lest they be „disturbed” in their decisions.

8. Position of the population

In addition to the natural environment the greatest victim of pollution is the population. In the socialist régime much was done, of course, to prevent the population from recognizing the course of impacts, but even if these become known what could the population do against them? There would have been two possible ways as a protection: either to protest or to move away from the polluted areas. However, with a few exemptions, neither of these could be done by a socialist citizen. Without the suspicion of opposition no protest was possible, moreover, in many cases the people concerned became even more defenceless as employees in the polluting plants. And as to free move, for the citizens this was not allowed by the domestic housing conditions and other factors forming the living standard, so that the route of escape was shut down.

An example of problems caused by the differences

The economic and organizational pattern of the French water pollution control is a very attractive option. From a legal point of view this method could be introduced already tomorrow. But the problems are so serious and the enterprises are so poor that the solution of the problems would need to encash very high charges. Furthermore, despite the existence of a system of subsidies it cannot be taken for certain that the enterprises could have afforded investments for environmental protection.

- Privatization will take a long period and, as far as state ownership dominates, the French-type „water parliaments” couldn't be operative.
- There is no real competition; the companies should not be afraid of being supplanted from the market due to the public's knowledge of their environmental problems.
- Population is overburdened by taxes, to collect additional charges is almost impossible.

And the problems could be enumerated further on. So what we want to say is not that the method mentioned in the example is impossible to introduce, but that the adaptation of experience should be done with circumspect, since any ill-considered step can cause more damage than benefit in this overburdened „glasshouse”.

V. What should be done for the environment in the forthcoming years?

1. Transformation of the legal system of environment protection

- a) A new Environmental Protection Act should be enacted (the Protection of Human Environment Act of 1976 has become completely outdated) where provisions should be made on the allocation of burdens between the state, the market and the civilian society when dealing with environmental problems. Expectedly, a new bill will be submitted to the Parliament in 1991*.
- b) The environmental aspects should be included in the system of economic legislation (Privatization Act, Land Use Act; Concession Act, etc.) as integral elements. Experience gained until now in the accelerated course of legislation shows that in most cases the interests of the environment couldn't be included suitably in the different economic rules (e. g., Price Policy Act, Competition Act).
- c) The broadening process of privatization, the participation of foreign capital and the massive establishment of joint ventures require indispensably the urgent introduction of such institutions as the environmental revision and the environmental impact assessment (EIA). (A cabinet order on EIA is awaiting its approval.)
- d) Referring also to the foregoing, for promoting the direct involvement of the civilian society provisions should be made to ensure free access to any information associated with the state of the environment.

2. Transformation of the inventory of economic instruments of environmental protection

- a) A system of economic instruments should be developed, aiming at the rational utilization of environmental elements and natural resources.
- b) The operation of the direct and sanction-posing system should be reevaluated, and market-oriented economic incentives should be introduced, on the basis of experience gained in the OECD countries, also observing the principle „polluter pays”. This would require to formulate a consistent policy for prices, credits and customs duties where preference is given to corporate bodies whose attitude toward the environmental interests is positive while the negative attitude is discouraged.
- c) The forthcoming State Budget Act should make clear the allocation of functions and burdens between the different participants of environment protection (state, market, civilian society). In this connection a new scheme should be drawn up for the national environmental clearing procedure where both the environmental damages and the social expenditures required to eliminate or prevent thereof are taken into account in terms of macro-economy.

3. Transformation of the economic structure, aid from the West

- a) In addition to the promotion of special purpose environmental investments the most important criterion is to perform completely the transformation of the Hungarian economic structure in an environmentally sound way.
- b) Mutual guarantees are required to avoid the importation of polluting sectors and the transfer of polluting technologies when western capital and technologies are involved in the transformation of our economy.
- c) Due to differences – attaining an order of magnitude – between western environmental aids or offers and demands the grants can only be of gesture value since in fact what they intend is not the elimination of the serious environmental crisis. The burden of managing the huge amount of debts makes questionable the reality of new credits for direct environmental purposes. The rational utilization of western capital can take place, on the one hand, through a structural transformation harmonized with the environment (reduced use of energy and materials, and modern, environmentally sound technologies), and through the creation of environmental support industries in joint ventures, on the other.

* In the Parliament's schedule drawn up in March on legislation in 1991 this item is missing. (Editor.)

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