HUNGARY/13
3 July 1980

SITUATION REPORT

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DOMESTIC POLITICS

1. New National Assembly's Constituent Session: Government Reshuffled

Hungary's new National Assembly, elected on June 8, held its constituent session on June 27. Following established practice, (1) it first elected its own leadership, determined the composition of its 11 standing committees, and voted into office a new Presidential Council. The council immediately convened, in order to issue a decree-law on the merger of the Ministries of Education and Culture and to submit to the National Assembly its recommendations regarding the new Council of Ministers, the president of the Supreme Court, and the Supreme Prosecutor, all of which were unanimously accepted by the 352 parliamentary deputies.

Prime Minister Gyorgy Lazar was confirmed in his post, as were 15 members of his former cabinet. The size of the cabinet was slightly reduced, however, owing to the creation of a unified Ministry of Education and Culture (which made one minister superfluous) and a decrease in the number of deputy premiers from five to four. As a result, the second Lazar government has 21 members (including the premier), instead of 23.

Although some outstanding members of the previous Council of Ministers were quite unexpectedly dropped and either transferred to other, less important jobs or not given any new assignment, thanks to their judicious replacement the overall quality of the second cabinet headed by Gyorgy Lazar was not impaired. On the contrary, in one case (the Ministry of the Interior) it is justified to speak of a definite improvement. The reshuffle also produced a limited rejuvenation, because only two members in the previous Council of Ministers were under 50, while their number in the new one has risen to four, with one minister (Justice) only 45 years old.

(1) According to paragraph 19, points h and i of the constitution, the National Assembly elects both the Presidential Council and the Council of Ministers. The National Assembly's part of the job is, however, a mere formality as can be expected in a communist state. All personnel changes are decided upon beforehand by the Central Committee of the HSWP. Accordingly, this time, too, the HSWP CC met on 24 June 1980, and ratified decisions on personnel questions, and accepted recommendations regarding the constituent meeting of the National Assembly to be submitted to the National Council of the Patriotic People's Front (PPF), Nepszabadsag, 27 June 1980. On June 26, the PPF National Council heard a report delivered by HSWP First Secretary Janos Kadar, unanimously adopted the CC's personnel proposals, and decided to submit them, jointly with the HSWP, to the "proper authorities," Nepszabadsag, 27 June 1980. Thus, the PPF, the National Assembly, and the newly elected Presidential Council simply rubber-stamped decisions previously made by the HSWP CC.
Two deputy prime ministers concerned with the economy (both considered highly competent and influential), 53-year-old Istvan Huszar and 55-year-old Gyula Szeker, were dismissed and given much less important posts in the state and party apparatus. They were replaced by the 56-year-old former Minister of Finance Lajos Faluwegi, an economic expert who had been Finance Minister since May 1971.

Istvan Huszar's ouster from the new cabinet had been foreshadowed by his removal from the new Politburo elected after the 12th party congress in March 1980. He had been a particularly powerful member of the government, not only by virtue of his position as a deputy premier, but also due to the fact that he was president of both the National Planning Office and the State Planning Committee. A brilliant economist who graduated from Budapest's Karl Marx University of Economic Science in 1951, he was the first high-ranking official to warn Hungarians about the extremely difficult and long-term economic problems lying ahead. Since he was clearly a proponent of the economic reform policy espoused by the party and government, it is possible that he is the victim of a personality conflict or is being made a scapegoat for current economic difficulties. Huszar, who is a CC member, has now been relegated to a party job vacated for him -- chief director of the CC's Institute for Social Sciences. The former director of this institute since 1966, CC member Sandor Lakos, has been downgraded to the post of "scientific director," probably as Huszar's deputy. Huszar's dismissal and new employment remind one of Rezso Nyers' ouster from the CC Secretariat in March 1974 and his simultaneous appointment as director of the Hungarian Academy of Sciences' Economic Institute.

Gyula Szeker's exclusion from the new Lazar government is also hard to explain by substantive argument. He is a chemist and a specialist in the production of aluminum. He studied chemistry in Moscow between 1950 and 1953 as an aspirant. In 1971, he received his doctorate in chemical engineering in Hungary. One might speculate that Szeker's influence had been on the wane since Jozsef Marjai entered the cabinet as deputy premier in April 1978 and took away his job as Hungary's permanent representative to Comecon, a post Szeker had held between 1975 and April 1978. His new position will probably be somewhat more congenial than that given to Huszar. A short time ago, the chairmanship of the National Technological Development Committee became vacant when Lenard Pal was appointed Secretary-General of the Hungarian Academy of Sciences. Now, that vacant post has been assigned to Szeker.

Lajos Faluwegi is a recognized financial expert and has also made a name for himself as a versatile economist. Given the decision to remove Huszar and Szeker as Deputy Premiers, a better replacement for both could hardly have been found. He was also appointed President of the National Planning Office. Faluwegi has been a CC member since March 1975.

(2) See his interview in Nepszabadsag, 24 September 1978.
Andras Benkei, Minister of the Interior since December 1963, was retired with "recognition for his merits" and given a high state award. A former machinemaker the 25-year-old Benkei's appointment to head the ministry was clearly a political one. Before becoming Minister of the Interior, he was a party worker in his native Szabolcs-Szatmar County, eventually becoming First Secretary of the County Party Committee in 1958-1963. It is easy to conjecture that the protection of a formerly very powerful native of the county, Bela Biszku, had earlier stood Benkei in good stead. Ever since Biszku's removal from the CC Secretariat and Politburo, however, Benkei's departure from the Ministry of the Interior was merely a question of time.

Benkei's successor -- Istvan Horvath -- seems to be the right man for this demanding and sensitive job. The 45-year-old Horvath is a doctor of laws and a former district judge. He was First Secretary of the Communist Youth League (KISZ) in 1970-1973 and afterward First Secretary of the Bacs-Kiskun County Party Committee. He has been a member of the CC since March 1970. He joined the HSWP in 1956.

Istvan Hetenyi, 54-years old, the new Minister of Finance, graduated as an economist in 1948. A year later he entered the National Planning Office, where he became a versatile expert in planning. In November 1973 he was appointed First Deputy President of the Planning Office with the rank of state secretary. He has a chair at the Karl Marx University of Economic Science in Budapest and is Deputy Chairman of the Hungarian Academy of Sciences's Economic Committee. He joined the party in 1951.

A surprise change was the replacement of the 51-year-old Minister of Agriculture and Food Pal Romany, who had been in office since July 1975, by one of his junior deputies, Jenö Vancsa (52). There was absolutely no hint that he would be dismissed and it is just as much of a puzzle as the ouster of Huszar and Szeker. It is also a riddle why Vancsa was promoted over Romany's first deputy, State Secretary Gabor Soos. Both Romany and Soos have stronger credentials for the post than Vancsa. On the other hand, it should be noted that Vancsa is a highly qualified agronomist, a graduate of the Agrarian University of Godollo, and he had been Deputy Minister of Agriculture and Food since 1972. He joined the party in 1954.

The Merger. Until June 1974, Hungary had a single, unified Ministry of Education and Culture. At that time, a decree-law issued by the Presidential Council ordered the separation of the two ministries. The underlying idea was to make a clear-cut distinction between formal education and general cultural affairs, including cultural propaganda. Karoly Polinszky (now 58), a chemist working in the academic field was appointed Minister of Education and the late Laszlo Orban (now 68) was made Minister of Culture. After the retirement of Orban in 1976, one of his deputies, Imre Pozsgay (now 47) became Minister of Culture. Now, he has been placed in charge of the newly merged Ministry of Education and Culture. Pozsgay, like Horvath, is an example of a rising new
leader. He is an accomplished ideologist who taught for many years at the Evening University of Marxism-Leninism in Bacs-Kiskun County. He is a candidate of philosophy and an articulate sociologist. He joined the party in 1950 and was first elected to the CC in March 1980. He became a section chief in the CC Agitprop Department in 1970 and was for some time also Deputy Editor-in-Chief of the party's theoretical monthly, Tarsadalmi Szemle. He was appointed Deputy Minister of Culture in June 1975. It is expected that, under Pozsgay, ideological indoctrination in all types of schools will receive greater emphasis, although he appears to be an open-minded person who sets great store on discussion and persuasion.

Subministerial Changes. The merger of the Ministries of Education and Culture entailed important changes on the subministerial level in the two former ministries. Janos Gosztonyi, State Secretary of Education since 1974, and Ferenc Molnar, State Secretary of Culture since 1974, were removed from their posts and reassigned to other, unspecified jobs. This was also the case with Andras Knopp, Deputy Minister of Education since 1978, and Sandor Boros, Deputy Minister of Culture since 1977. Laszlo Marczall, Deputy Minister of Culture since 1974, was put on pension "at his request, with recognition of his merits," and received a high state award. Karoly Garamvolgyi, former Deputy Minister of Education since 1976 was appointed a one-star general in the customs service and treasury guards. He is an economist and was Deputy Minister of Finance between 1962 and 1973.

The new subministerial setup of the merged Ministry of Education and Culture is as follows:

Andras Korcsog was appointed State Secretary and thus the deputy to Minister Pozsgay. Korcsog (age unknown) is a former professor and Deputy President of the Chemical University of Veszprem. In recent years, he was deputy head of the CC Department of Science, Education, and Culture.

Maria Hanga (Mrs. Miklos Ronai) (42), Deputy Minister of Education between 1975 and 1980, and Dezzo Toth (55), Deputy Minister of Culture from 1977 to 1980, were transferred to the new Ministry of Education and Culture, retaining their rank. The two new Deputy Ministers are Ferenc Revesz (age unknown), a former CC deputy department chief, probably of science, education, and culture, and Jozsef Dreczin (age unknown) a former Deputy President of the National Planning Office, an excellent economist. Dreczin's presence seems rather strange in a Ministry of Education and Culture, but it must be remembered that the former Ministry of Education also had a deputy minister who was an equally accomplished economist, Karoly Garamvolgyi. The regime seems eager to keep the fields of education and culture (both of which need plenty of money) under the control of a strict economist.

Other High Level Changes. The promotion of Istvan Hetenyi, former State Secretary in the National Planning Office, to the position of Minister of Finance and the transfer of Dreczin to
the new Ministry of Education and Culture created two vacancies in the National Planning Office. They were filled by 42-year-old Janos Hoos, head of the CC's Department of Economic Policy since 1978, a remarkably clear-sighted and articulate economist and Miklos Pulai (age unknown), First Deputy President of the Hungarian National Bank since 1968. Laszlo Ballai, Hoos's deputy for several years in the leadership of the CC's Economic Policy Department, was promoted to head that department.

New Supreme Court President. While the new National Assembly re-elected Karoly Szijarto, who has been in office since July 1975, as Supreme Prosecutor, it decided to pension off 68-year-old President Odon Szakacs of the Supreme Court. He had been president since 1968 (he also received a very high state award). He was replaced by former State Secretary in the Ministry of Justice Jeno Szilberek (63) who had held that post since 1978. Szilberek is a very capable jurist with long service both as a judge in various posts and in the Ministry of Justice apparatus. He joined the party in 1948.

The new State Secretary in the Ministry of Justice (to replace Szilberek) is Gyula Borics (age unknown), a former section chief since 1973 of the CC's Department for Administration. An interesting question is why, in view of the care taken either to reward the good services of the dismissed or to give them new posts, were former Minister of Education Karoly Polinszky (since October 1974) and former Minister of Agriculture and Foods Pal Romany (since July 1975) overlooked in the process? Both can boast of an unblemished record and would seem to deserve more courteous treatment.

Leading Officials of the National Assembly. Antal Apro was re-elected speaker of the National Assembly for third term. He was first elected speaker in 1971 and is the only speaker in the Kadar era to serve more than one term. Apro (67), who was dismissed from the Politburo by the 12th party congress in March 1980, may have been allowed to keep his post in the National Assembly because his CC membership would otherwise have depended on his minor position as President of the Hungarian-Soviet Friendship Society, which he has held since 1971.

Apro is one of the six members of the National Assembly to hold a seat for 35 years.

The new National Assembly has only two deputy speakers instead of the previous four. One of them is Janos Peter, former Minister of Foreign Affairs (1961-1973) who has been deputy speaker since December 1973. The other is a new one, 62-year-old Mrs. Ferenc Cservenka, First Secretary of the Pest County Party Committee since 1962.

A quick glance at the chairmen of the 11 standing committees reveals that CC Secretary Andras Gyenes, who is in charge of foreign policy, was re-elected as President of the Standing Committee on Foreign Affairs, a post traditionally held by the foreign affairs
secretary of the CC. Miklos Ovarr, CC Secretary for Scientific and Cultural Affairs, was elected Chairman of the Standing Committee on Culture. An interesting move is the one involving Rezso Nyers, a long-standing member of the National Assembly, who has been made the new Chairman of the Standing Committee on Trade and Commerce.

Presidential Council. CC member Pal Losonczi (61) was re-elected as Chairman, a post he has held since 1967. Also re-elected were his two deputies, 63-year-old Politburo and CC member Sandor Gaspar, Secretary-General of the National Trade Union Council; and the 73-year-old nonparty member Rezso Trautman, a former Minister of Construction (1957-1968). Gaspar has been a Deputy Chairman of the Presidential Council since 1963 and Trautman since 1975. In addition, Secretary of the Presidential Council Imre Katona (59) was also re-elected. Of the 17 members of the Presidential Council, 6 are new. Among the re-elected there is, of course, Janos Kadar, First Secretary of the HSWP, who has been a council member since 1965. The following new members of the Presidential Council merit attention: Imre Biro, parish of Budapest-Farkasrét, who was re-elected in Budapest's district No. 37 with 98.7 per cent of the valid votes. Biro is a zealous "peace" priest of the younger vintage and replaces the late Richard Horvath, the best known Catholic "peace" priest in Hungary who had been a member of the Presidential Council since March 1963. Horvath had again been put up as a candidate in a Budapest district, but died of a heart attack one day before the June 8 general elections.

The other new member of the Presidential Council who deserves mention is Mrs. Laszlo Erdei (57) who has been a member of the National Assembly since November 1958. Mrs. Erdei, who was re-elected in her constituency of Szabolcs-Szatmar County with 100 per cent of the valid votes, has been Chairman of the National Council of Hungarian Women since 1957. She has also been a member of the CC since 1957. Her inclusion in the new Presidential Council is an effort to give some practical weight to the regime's much avowed, but little applied policy of increasing the number of women in top positions.

Prime Minister Lazar's Curtain-Raising Speech. As at the constituent session of the previous National Assembly in July 1975, this time, too, Premier Lazar restricted himself to sketching out the political program of his government, promising to deliver a detailed program for the next five years touching upon all main areas of social life at the next session. He did make clear, however, that economic problems will represent the core of work of his second cabinet. In order to restore economic equilibrium and maintain the achievements already attained, it will be necessary to explore and exploit all available resources, he said, adding that, in doing so, one should never lose sight of man, who is the most important factor in the effort to fulfill higher demands. Therefore, he continued, the most difficult and complicated economic
problems will have to be solved in such way that socialist humanism, instead of suffering damage, is asserted in full. Striking a realistic note, Lazar concluded that the future harbors no promise of an easy life for the Hungarian nation, but will require hard work and full dedication. "We take into account the fact that we will be faced, not only with successes, but at times also with difficulties in our work," he ended.

As for his government's foreign policy, Lazar pledged Hungary's all-out effort to save detente by joining forces with the Soviet Union and the other fraternal socialist countries. He reiterated Hungary's intention to continue cooperating with "capitalist states," too, on the basis of mutual advantage.

APPENDIX

<table>
<thead>
<tr>
<th>Position</th>
<th>Name</th>
<th>Born</th>
<th>First Appointed to Office</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prime Minister</td>
<td>György Lazar</td>
<td>1924</td>
<td>May 1975</td>
</tr>
<tr>
<td>Deputy Prime Minister</td>
<td>György Aczél</td>
<td>1917</td>
<td>March 1974</td>
</tr>
<tr>
<td>Deputy Prime Minister</td>
<td>János Borbáni</td>
<td>1923</td>
<td>March 1974</td>
</tr>
<tr>
<td>Deputy Prime Minister</td>
<td>Lajos Faluwegi</td>
<td>1924</td>
<td>June 1980</td>
</tr>
<tr>
<td>Deputy Prime Minister</td>
<td>József Márjai</td>
<td>1923</td>
<td>April 1978</td>
</tr>
<tr>
<td>Minister of Agriculture and Food</td>
<td>Jenő Vancsza</td>
<td>1928</td>
<td>June 1980</td>
</tr>
<tr>
<td>Minister of Defense</td>
<td>Lajos Czinege</td>
<td>1924</td>
<td>May 1960</td>
</tr>
<tr>
<td>Minister of Education and Culture</td>
<td>Imre Pozsgay</td>
<td>1933</td>
<td>June 1980</td>
</tr>
<tr>
<td>Minister of Finance</td>
<td>István Hetényi</td>
<td>1926</td>
<td>June 1980</td>
</tr>
<tr>
<td>Minister of Foreign Affairs</td>
<td>Prigyes Puja</td>
<td>1921</td>
<td>December 1973</td>
</tr>
<tr>
<td>Minister of Foreign Trade</td>
<td>Péter Veress</td>
<td>1929</td>
<td>March 1979</td>
</tr>
<tr>
<td>Minister of Heavy Industry</td>
<td>Pal Simony</td>
<td>1929</td>
<td>July 1975</td>
</tr>
<tr>
<td>Minister of the Interior</td>
<td>István Horváth</td>
<td>1935</td>
<td>July 1980</td>
</tr>
<tr>
<td>Minister of Internal Trade</td>
<td>Vilmos Saghy</td>
<td>1922</td>
<td>October 1976</td>
</tr>
<tr>
<td>Minister of Justice</td>
<td>Imre Markoja</td>
<td>1931</td>
<td>April 1978</td>
</tr>
<tr>
<td>Minister of Labor</td>
<td>Ferenc Tretho</td>
<td>1923</td>
<td>June 1977</td>
</tr>
<tr>
<td>Minister of Light Industry</td>
<td>Mrs. Janos Késeru</td>
<td>1925</td>
<td>May 1971</td>
</tr>
<tr>
<td>Minister of Metalurgy and the Machine Industry</td>
<td>István Soltesz</td>
<td>1927</td>
<td>April 1978</td>
</tr>
<tr>
<td>Minister of Public Construction and Urban Development</td>
<td>Kalman Abraham</td>
<td>1931</td>
<td>June 1977</td>
</tr>
<tr>
<td>Minister of Public Health</td>
<td>Emil Schultheiss</td>
<td>1923</td>
<td>February 1974</td>
</tr>
<tr>
<td>Minister of Transport and Telecommunications</td>
<td>Arpád Pullai</td>
<td>1925</td>
<td>October 1976</td>
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This is the Seventh Council of Ministers in the Kadar era.
2. Central Committee Meets

a) Report on Foreign Affairs. The HSWP CC held an expanded meeting on June 24, with three items on the agenda:

- Report on the current international situation by CC Secretary Andras Gyenes;
- Report on the implementation of the 1980 national economic plan by Politburo member and CC Secretary Ferenc Havasi;

On the basis of Korom’s report, the CC settled personnel questions and accepted proposals to be transmitted to the statutory meeting of the National Assembly on June 27, via the National Presidium of the Patriotic People’s Front. (3)

Report on Current International Questions. International questions are one of the regular subjects on the agenda of CC meetings. They are presented by the Secretariat member responsible for foreign and interparty affairs. This subject was last discussed at the February 28 CC meeting, (4) because the subsequent, April 11, meeting dealt exclusively with preparations for the National Assembly and local council elections, which were held on June 8.

The report by Andras Gyenes at the June 24 meeting -- based on the February 28 CC communiqué -- (5) was not particularly informative. As usual, it followed, in essence, the Soviet foreign policy line. It was stated in the communiqué that aggressive imperialistic efforts to disrupt the military power balance constantly endanger peace throughout the world. The current international situation is basically distinguished by the simultaneous presence of some elements of détente and of tension, the communiqué said, adding that the socialist countries play a determining role in preserving peace in the face of threats of a renewed cold war. In this respect the February 28 CC communiqué stressed the proposals submitted to the Warsaw meeting of the Political Consultative Committee of the States to the Warsaw Treaty (May 14-15), the recommendations accepted at the Prague Comecon session (June 17-19), the appeal made at the Paris meeting of communist and workers’ parties (April 28-29), and the position taken at the Budapest session of the Presidium of the World Peace Council (May 8-10).

(3) See Item 1 above.


(5) Nepszabadídaság, 26 June 1980.
The communique said that party and government efforts had done much for Hungarian national interests, the joint foreign policy targets of the socialist countries, mutual good will among nations, national independence, and the cause of peace and social progress. Peaceful coexistence and detente are the foundations of this policy, the communique said. It analyzed the various elements of this whole question in a special section which states that the Hungarian People's Republic is trying to establish or expand political, economic, scientific-technical, cultural, and other types of relations with the developed capitalist countries, based on mutual respect of interests. As an example, the communique cited the recent meetings of the heads of the Hungarian and Austrian governments (April 26-27) and recent conferences with representatives from other capitalist countries. Detente will also be promoted by the planned European security review meeting in Madrid, it said, in which Hungary wishes to play an active role; the Hungarian People's Republic also supports the convocation of a European conference on military detente and disarmament questions.

As for Afghanistan, the communique greeted the appeal of the Afghan government to Pakistan and Iran for negotiations and the partial withdrawal of Soviet troops. It was also stressed that tension in various parts of the world had to be settled through negotiations.

A special section of the communique dealt with the joint Hungarian-Soviet space venture (May 26-June 3). Following publication of the communique, several commentaries appeared on the CC session. (6) They are noteworthy in that they reflect concern over the fact that deepening tension between the Soviet Union and the US, caused most recently by events in Afghanistan, might have an adverse effect on detente which has become "a natural way of life for the people of Europe," and which endangers established normal interstate economic, trade, and tourist relations. To continue and to expand the policy of detente also helps -- according to those commentaries -- the developed capitalist countries of Western Europe. Awareness of this fact explains why there are contradictory statements and moves by the governments of those West European countries almost daily. The Hungarian public is worried that its own situation might be made worse by the deteriorating international political atmosphere and that the armaments race will result in the Warsaw Pact countries also "having to withhold considerable sums from peaceful purposes."

So far as the Madrid meeting goes, the Hungarian standpoint was presented by Foreign Minister Frigyes Puja in his recent speech to the 12th HSWP Congress, (7) and later in an article (8) marking the 35th anniversary of Hungary's "liberation." In Madrid only those problems can be discussed which are placed on the agenda unanimously; the experience of the Belgrade conference must be considered, and Madrid cannot be allowed to change into an antisocialist countries propaganda meeting.

(8) Ibid., 4 April 1980.
b) Implementation of the 1980 National Economic Plan. The second item on the agenda (9) was presented by Politburo member and CC Secretary Ferenc Havasi: the heretofore experience in the implementation of the 1980 plan. Havasi also spoke of the experience on the 1979 plan and designated future tasks. (10)

General Observations. According to Havasi, profitability of economic operations improved, productivity grew, and implementation of the plan was carried out in a well-organized fashion during the first five months of the current year.

Industrial Production. This "lagged behind somewhat from the planned level" in the first five months of 1980, according to Havasi. A distinctive profile emerged among the various branches and enterprises in conformity with economic policy objectives: production in enterprises working for export generally increased, while in some branches, such as the machine industry, it dropped.

Energy supply was, according to Havasi, well balanced; but deficiencies emerged in material supplies, causing temporary interruptions in production (these difficulties are identical to those reported in 1979). Operations in the building industry were directed toward completing construction in progress (since this industry grew at a faster rate than planned last year, a certain balance is to be expected this year).

Investments. State investments grew by 1 per cent over the comparable period in 1979, but 14 per cent less was spent on enterprise investment. Since last year's report showed that enterprise investments had also grown, an endeavor must therefore be made this year to economize (the limitation on enterprise investments is evidently meant to encourage this). Havasi remarked that "the harmony between investment supply and demand is more favorable than in earlier years."

Foreign Economy. The communiqué is very reticent on foreign trade, merely citing the fact that, in accordance with plan stipulations, exports grew by 5 per cent and imports did not reach last year's level. The report does not touch upon the most interesting aspect of expanding foreign trade in 1980: the fact that a considerable discrepancy is evident between trade with the ruble and the nonrubel (convertible currency) areas. While ruble exports were only 90.6 per cent of the total in the same period of 1979, during the first four months of the current year, the convertible exports were 132.8 per cent. The difference is not as considerable in imports: ruble imports were 101.6 per cent and convertible currency imports 102.4 per cent of those in the comparable period of 1979. (11) Obviously, this striking difference in exports was not

(10) "Communiqué" on the 29 June 1980 CC meeting, Nepszabadsag, 1 July 1979.
intended to be emphasized in the report. Nevertheless, so far as the country's considerable indebtedness to Western partners is concerned, this is a desirable and necessary development if foreign trade balance is to be restored.

Agriculture. In general, the evaluation of this sector was positive in the report. Although it is too early to predict the harvest results, Havasi did refer to bad weather conditions. But, according to the report, the area sown to fall wheat is larger than planned, the state of the crops is satisfactory, and there is an adequate supply of equipment and machinery needed for production. The development of the farm animal population is favorable and the fodder supply well balanced.

The New Producer Price System and Wage Regulations. Havasi briefly referred to the new and stricter price, credit, subsidy, and wage regulators. They are beginning to affect enterprise management: more care is taken, enterprises are economizing when it comes to procuring raw and basic materials, parts, and also imported material. The wage regulations have also induced them to economize on labor: the number of employees has dropped in the productive branches. Earnings are more boldly differentiated according to actual performance.

Standard of Living, Social Policy. "In essence, the real value of the population's income and the population's consumption developed according to plan." The report omitted, however, the fact that official statistics anticipate a considerable drop in real wages and simultaneously in the standard of living. The average monthly income of persons engaged in the socialist sector during the first quarter of 1980 was 103.1 per cent compared to the comparable period in 1979, while the consumer price index, in contrast, was 112 per cent for the same period. (12) This trend will probably continue for some time, since no raises are anticipated, due to the restriction on enterprises' financial means and a probable rise in current prices because of the effect of world market prices. None of these facts figures in the communiqué.

There is a reference in the communiqué to higher family allowances, starting with July 1980, for families with three or more children, as well as increases in the allowances for single parents with two children.

Main Tasks in the Remaining Months. In conclusion, the communiqué listed the main tasks lying ahead if the 1980 is to be successfully accomplished:

An adequate supply of goods must be guaranteed;

The effective operation of the new price and regulation system must be encouraged, while simultaneously speeding up technological development, in order to increase international competitiveness;

(12) Ibid.
Profitable enterprises producing for export must be supported so that their production can grow.

The situation of enterprises permanently operating in the red "has to be dealt with." This obviously means -- even if not explicitly stated -- that to the degree that there is no hope of reorganizing and halting the deficit, the enterprises operating in the red will either be liquidated or merged with others.

YOUTH

3. Institutionalized Summer Camps for Schoolchildren

With the approach of the long summer vacation (July 1-September 15), many Hungarian families with schoolchildren face serious problems. In some cases, these seem to be practically insoluble, particularly for the many families where both parents work and whose much shorter vacations often do not coincide with those of their children. To lighten their burden, the National Trade Union Council, enterprises, and local councils have been organizing drives to send children to summer camps. But this is unfortunately a mere drop in the ocean, since no more than 100,000, or less than 10 per cent, of a total of over 1,100,000 schoolchildren (439,477 7-9-year-olds, 676,988 10-14-year-olds, or 1,116,465 at the end of 1978) (13) can be sent to institutionalized summer camps.

Parents who manage to send a child to an NTUC summer camp are therefore especially lucky. (14) Subsidized vacations for schoolchildren have been organized by the council since 1951. Some 31,000 schoolchildren spent 10 to 14 days each summer in 19 camps, situated in various scenic parts of the country. They are looked after by teachers, welfare workers, and nurses. They are given five meals a day, and their recreation facilities include swimming lessons, excursions, and cultural programs. The parents contribute 16 forint per day for each child.

The number of applicants for these camps far exceeds their capacity. Admissions for these summer camp vacations are divided into 38 parts at the NTUC center, half of them going to the Budapest trade unions and the other half to provincial union organizations. Applicants have to meet certain conditions: they have to be in excellent health, two preliminary medical examinations are mandatory; the parents' social situation is carefully scrutinized, as is their financial position. The children of manual workers usually have preference. Last year, they comprised approximately 62 per cent of all successful applicants.

(14) Idegenforgalom No. IV, 1980. This is a monthly published by the Ministry of the Interior's National Tourist Office.
It is interesting that the NTUC annually arranges for 250 schoolchildren of Hungarian descent living abroad to stay in the camp on Lake Balaton operated by the World Federation of Hungarians. The objective is to foster knowledge and use of the Hungarian language.

In addition to these summer camps, the NTUC also runs eight winter camps for 1,100 schoolchildren during the Christmas holidays, mainly for children of parents whose work peaks at that season (post office workers, transport and catering employees). These subsidized winter vacations are two weeks long and usually coincide with the school holidays.

So-called convalescence vacations for schoolchildren are a special form of the NTUC effort. These vacations are mainly for anemic, nervous, or anorexic children, who are sent for a maximum of 23 days. Some 11,000 such children are cared for in four NTUC camps each school year. Since such vacations take place during school terms, special teachers are hired to help these children keep up with their school work. Before a child is admitted to one of these camps, a teacher or school physician must advise the parents to request a subsidized convalescence vacation for their child. The parents submit their request to the appropriate union committee, which then decides whether that particular child should be admitted. Parents are not allowed to visit their children in the camps, to avoid any homesickness.

Each year, 43,000 children can take advantage of these three types of National Trade Union Council-subsidized vacations. The scheme needs to be broadened, but there is no money at present. Each child costs 1,580 forint, which means that the 16 forint per day paid by the parents must be supplemented by 158 forint a day from the NTUC. The maintenance of the NTUC children's camps costs the national budget 61,000,000 forint yearly. Travel costs to and from the camps are also covered by the NTUC.

Enterprise and local council-subsidized vacations are far from being so well organized or as adequate as those run by the NTUC. Usually, children can attend them only in the company of their parents, although the largest enterprises and the main state-financed organizations also provide special subsidized vacations for approximately 60,000 children each year. Contributions, organization, and participation conditions differ in each enterprise, according to its financial ability. In general, 50 per cent of the costs are covered by the enterprise from its social fund, with the remainder paid by the parents, according to their own financial situation.

These subsidized vacations are, nevertheless, a great help to many families. The remaining problem is the 1,000,000 schoolchildren for whom there are no such vacations available. They spend their vacations either with relatives in the country or with their grandparents, or they roam the streets unsupervised. This is a very serious problem when the mother is forced to work to supplement a family income. Most schools offer some summer programs for these children.