"FACTORY DEMOCRACY" IN HUNGARY DISCUSSED BY YUGOSLAV NEWSPAPER

Summary: Three main topics today occupy people's minds in Hungary: 1) the economic reforms; 2) international politics; and 3) socialist democratization. This claim was recently made by a Belgrade journalist who toured Hungary and talked with many state and Party functionaries. Vlado Teslic says that Janos Kadar does not believe that millions of workers could meaningfully participate in implementing the reforms; this is the task of several hundred thousand functionaries in the economy, people's committees, trade unions, etc. This is why the chief factors in the so-called "factory democracy" are the directors, Party secretaries, and trade union leaders. The latter are the chief controllers while the Party has the task of exercising political control and harmonizing divergent views. Teslic claims that a type of director has been created in the present system who does not respect democratic rules.

The following is the translation of a report from Hungary published in Borba of 24 June 1968. The author of the report, entitled "First Steps of Factory Democracy," is Vlado Teslic.

"The independence of enterprises, however restricted, and the course aimed at introducing a system [based on the] creation and distribution of profits, however narrow the material basis for this has been, have raised the question in the Hungarian economic reforms of democracy in factories. After all, the reforms in Hungary, as in other socialist countries, are a specific expression of the evolution of society toward democracy and socialism.
"In acquainting myself with the situation, from the large metallurgical combine in Diosgyor to the Budapest ready-made clothes factory, it was very difficult to gain any uniform picture from the talks with the functionaries in the Party, trade unions and state; it was impossible to gain anything more than the general impression that the democratization is varying from one enterprise to another, depending on the quality of the leading people.

"Of course, this does not mean that the problem of democratization is being neglected and that people do not look for and apply new forms of democratic production activity, above all at the working sites.

"If you ask what the main topics are which occupy our mind, said one of the editors of Nepszabadsag, then I would list the following three: 1) the reforms; 2) international politics; 3) socialist democratization.

Primary Role of 200,000–300,000 Leaders

"In thinking of democracy, one should immediately say that the Hungarians have remained as cautious as they have been in all other things; their foot is constantly shifting from the gas pedal to the brake. The aim is a direct democracy at the working site, but with the restriction that one cannot think of direct democracy 'in the manner of a romantic Utopian,' i.e., that one should not cherish the illusionary idea that 'the masses would ever directly make all decisions.'

"In this connection a speech by Janos Kadar held at the Central Committee meeting in November [1967] is certainly characteristic, a speech made in the concluding phase of the preparations for the reforms; he spoke about the role of 'two to three hundred thousand leaders' (in the economy, people's committees, trade unions, etc.)

"The nature of the economy's management,' said Kadar, 'is such that, except for 200,000 to 300,000 leaders, the millions of working people will not be able to realize their influence in it. This does not depend on them. We can and should say that the working people must take care in their enterprises that this or that thing be carried out in the spirit of the reforms; they should express their opinions and raise their voices against any contrary trends. However, in connection with the practical implementation and influence of the reforms...the workers working at machines, or peasants tilling their land, or masses of intellectuals executing some minor functions, cannot exert their influence in an operational way because of their positions. This can be done only by those 200,000 to 300,000 leaders.'
"In the same speech Kadar, moreover, stressed that the mutual confidence between the Party and these leaders and experts 'is the greatest moral-political capital.'

Party, Trade Unions and Directors

"Within these frameworks one can more or less establish the degree of activity of factory democracy. The chief factors are: the director, the Party secretary and the trade unions.

"The director is the representative of the state; he is appointed by the ministry to which he is primarily responsible. After all, every state enterprise has been based on the responsibility of a sole leader coupled with a strengthened democratic control. The chief organ of such control is the trade union. As far as the Party organization is concerned, its function is to exercise political control, both in taking the initiative and in harmonizing views.

"In practice, of course, all this is difficult to separate. A director is, for instance, also politically responsible (but not judicially) to the members of his collective. Specifically, he is obliged to secure the cooperation of his working collective -- both while working out economic plans and in various problems of production. A director also disposes of significant material means.

"Such a system of course, renders it possible that a special type of director is created, men who do not care much about democracy. At the same time, however, this system makes possible -- and this is more feared in Hungary -- the creation of directors, who, in the interest of peace in their factories, surrender real authority either to the Party or to the trade union secretary. Consequently, in some cases the Party organizations have not only conducted political agitation and taken the political initiative in their hands, but have been occupied with the detailed organization of production and with other purely expert problems. In a factory, of ready-made clothes, we met the director, a former tailor who later on finished high school. This man literally spouts initiatives. He looks two or three years ahead; he has achieved great business successes and has very well comprehended the role of profit in the struggle for higher productivity; this man has angered top management for having distributed a greater share of the profit than prescribed by the state and it is obvious that this man does not need any special support by the Party organization or trade unions. On the other hand, the director of the large Diosgyor metallurgical combine does not want to take any risk: he holds the administration of his factory firmly in his own hands but every morning he confers with the Party secretary and the trade union leader, and at the same time provides information concerning each problem confronting the combine; they all collectively discuss and make decisions so that later on no one can dissent."
Collective Contracts

"In such a system the role of the trade unions has greatly increased; this is also seen from the fact that they have their own newspapers and construct luxurious buildings (in Miskolc, for instance, where there is no new hotel yet). Trade unions have been given extensive rights in enterprises: the right of approval, the right of making decisions of their own, and even the right of veto. First of all, they represent expert interests (the political interests of the workers, it is claimed, can be represented only by the Party). Consent of the trade unions is obligatory when plans and collective contracts are being discussed. (The decisions are made at meetings but the trade unions also may convolve conferences at will to which the department chiefs report). Trade unions make their own decisions concerning the distribution of surpluses resulting from social security and on medical treatment and recreation (although they consult the directors). They have the right to veto proposals of some significant innovations or when labor relations would be violated, or measures contrary to socialist morality.

"An important new development is [the use] in enterprises of collective contracts signed both by the directors and trade unions. Their purpose is not to fix production tasks (which was the case with collective contracts in 1955) because they now have a legal basis; they also have corresponding material means and defend the working people against arbitrariness by the leaders.

"Of course, as I was told by a prominent director in Miskolc, the functioning of the whole system of factory democracy presupposes that the leading people in the factories are 'clever,' 'enlightened,' 'quick,' and 'loyal' to the cause of the Party and socialism.

"It is not difficult to agree, of course, with the statement of a Party leader who said that for the correct functioning of this system it is of extreme importance that the leading force, i.e., the Party, acts on the principles of the purest democracy."

Translated by Slobodan Stankovic