

Industrial Profitability: Unemployment

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Gyaros said the 1957 plan was progressing well. The friendly countries had helped considerably by granting relief and loans totalling over 300,000,000 dollars in freely convertible currency, raw materials and equipment. According to the plan, industry must reach the pre-October productivity level by the end of the year. In March this level had been 15 per cent below the March 1956 rate but the situation had improved since. It was hoped that Hungarian industry would be able to produce at a profit in the second half of this year, although it could not make good the losses sustained in the first half.

There were now more vacancies for jobs. The number of unemployed was 60,000 to 70,000, some 30,000 of whom were people who had turned down jobs offered to them. The number of registered unemployed was less than 15,000.

Recovery of National Income: Productivity

In January, 1956, the gross national income had been 3,601,000,000 forints and in February 1956 2,986,000,000. In January 1957 it had been 2,213,000,000 forints, and in February 1957, 2,909,000,000 forints. Although these figures showed a vigorous improvement in industrial output, further efforts must be made, especially to restore correct proportions between wages and the value of output. While the number of workers and employees now was 96 per cent of those employed a year ago, output was only 80 per cent of the same production period last year. The 1957 plan was realistic and it was safe to say that the balance of the economy would be restored this year. The inflation danger could therefore be regarded as having been averted "in the present situation".

Foreign Trade: Normal Contacts Restored

*(Mae
1957)*

Gyaros said the counter-revolution had caused a grave setback in foreign trade. At first, all Western countries except France, Finland and Denmark had refused to negotiate with Hungary. Later on, however, almost every European country had prolonged the agreements previously concluded. Western banks too had at first refused to grant Hungary loans, but when it was seen that after an interval of a few weeks the Hungarian National Bank honoured its obligations, contacts with banks in capitalist countries had also been normalised and loans of six, nine, and eighteen months duration obtained from them.

Normal contacts with trade circles in capitalist countries had been restored far more easily. Several merchants had come forward to transact business with Hungary as far back as December. But this had not been the general trend: in several places Hungarian goods had been boycotted, though only for a short time. Notices had been put into the windows of shops to the effect that they did not sell Hungarian goods. Several factories had also cancelled their Hungarian orders. These, however, had been isolated incidents.

Export-Import Position

On the whole, there had been serious export delays, but a start had been made in December with the effort to honour export commitments. The level of the first quarter of 1956 had been regained at the end of April with the export of a number of industrial articles, including lathes, lorries, dumpers, motorcycles, 1,000-ton cargo ships etc.

Imports had risen considerably and were now much greater in volume than ever before. Imports in 1957 would be heavier than in any previous year. Most deliveries came from the USSR and the socialist countries. Trade contracts would make it possible to accumulate some reserves by the end of 1957.