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News BackgroundCZECHOSLOVAK AND HUNGARIAN 1959 BUDGETS PROVIDE BIG
INCREASES IN INVESTMENTS FOR COLLECTIVE SECTOR

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MUNICH, February 20 (Leason) -- Budgets for 1959 were presented to the Hungarian and Czechoslovak parliaments yesterday. The Ministers of Finance of the Budapest and Prague regimes, Istvan Antos and Julius Duris, both pointed to what they said had been economic successes in 1958 before introducing the 1959 figures.

Antos said that the Hungarian industrial sector had overfulfilled 1958 targets by 12 per cent; and Duris that 92.3 per cent of all CSR enterprises had surpassed planned targets. In Hungary, however, agricultural yields were smaller than had been expected, due to bad weather. The outcome of CSR agricultural production was not reported.

Both countries plan large 1959 increases in agricultural investments: it is significant, however, that sums to be allotted directly to the "socialist" or "collective" sector are to be very markedly increased -- in Hungary by 100 per cent and in the CSR by 37 per cent. These spendings are in line, especially in Hungary, with renewed emphasis on collectivization. The Hungarian "socialized" sector of agriculture has still not regained its pre-1956 size, although increases are claimed since a Central Committee agriculture resolution of December 1958 and particularly since the first of this year. In Czechoslovakia which claims to be about 70 per cent socialized, the aim is now to complete the process.

There is to be a 12.3 per cent increase of agricultural production in 1959 in the CSR; to attain this, according to the budget, there is to be a 12.4 per cent increase of agricultural investments with 37 per cent more than last year to be in the form of "direct assistance" to collectives, according to Ceteka of last night. The total agricultural investment is to be about 11 milliard (billion) crowns which is sizeable when one compares this figure to about 15 milliard for heavy industrial development -- 14.5 per cent more than in 1958.

UPI reported from Budapest yesterday that the collective sector in Hungary will receive for investment purposes "some 1.25" milliard forints -- which is a 100 per cent increase over last year. (The 100 per cent figure was quoted by Antos, according to

Budapest Radio of February 19).

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In totals, the Hungarian regime will spend about 52 milliard forints in 1959. The CSR expenditures will be about 96 milliard crowns.

In the per cent increase in total budget, Hungary leads with an 11.8 per cent increase over 1958; the CSR budget is 9.3 per cent higher than in 1958.

In the direction of spending, the figures indicate that the Budapest regime will attempt a speed up of industrial development (in comparison to the CSR). Almost 30 milliard forints will be for "development and financing of the national economy" which is 55.5 per cent of total expenses; the figure for this category in the CSR is 47.7 per cent. In Hungary, 31.3 per cent will go for social and cultural spending while the same figure in the CSR is 40 per cent. For the army and the "defense of legality", the Hungarians will spend 9.4 per cent of the total while the CSR budget will devote 9.2 per cent for "defense and security" -- practically the same percentage amount.

The fact that the Budapest regime is channeling a higher percentage amount into the economic sector than the CSR is probably not surprising. For the past two years, the regime has been able to pad its economy with "brotherly" aid from the other nations of the Soviet bloc. By all indications, this aid will be sizeably reduced this year and payments on previous aid will begin to fall due. Production, especially export production, is one way of paying these debts. In his speech, Antos claimed that the "period of repair of the damages caused by the counter-revolution is practically ended" and that forces can now be concentrated on "development of the national economy and the acceleration of socialist building. This year's budget will have that goal."

The percentage increase in the amount to be spent on the consumer goods industry in the CSR is rather large, though it does not compare to spending on heavy industry. Both consumer goods and food industries are to receive about 4 milliard crowns out of the approximately 21 milliard to be invested in the "development of production in the enterprises of the industrial ministries and of the Ministry of Building". The consumer goods industry by itself is to have 21.6 per cent more funds than last year -- the total for consumer goods industry, of course, will remain smaller than the four milliard to be given both the consumer goods and food industries. As stated above, about 15 milliard will be invested in heavy industry. Taking these figures at face value, it can be seen that the amount spent on consumer goods is comparatively small and last year must have been very small compared to

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heavy industry spendings. Heavy industry will receive 14.5 per cent more this year than last year, as compared to the 21.6 per cent increase for heavy industry.

Hungarian budget figures available do not give a breakdown on totals or percentages to be given heavy and light industry but MTI's report on the Antos speech said that among heavy industrial investments, those to electrical industry and oil extraction are to be raised; emphasis will also be put on construction of diesel locomotives, motors, telecommunications equipment and instruments.

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A most significant Hungarian budget provision is for an increase in taxes on "peasant farms greater than eight arpents. This progressive increase is of the order of 12 to 18 per cent". No more details were given in the MTI report. Such an increase of taxation on private peasants would be a strong indication that the new campaign for collectivization is very serious indeed.

The stress in the CSR budget, on agricultural production increase is in keeping with the regime's line since the beginning of 1958. Agricultural production was completely stagnant in 1957. The results of agricultural plans last year were not revealed in the budget report, as summarized by Ceteka, but it has previously been stated that 1958 production was on the same level as that of 1957. A production increase in the order of 12 per cent as demanded in the 1959 budget is thus a very large undertaking for the Prague regime, an undertaking which is doubtful can be successfully achieved, despite the amounts of money to be spent.

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