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HUNGARIAN PARLIAMENT HEARS KADAR

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News Background

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MUNICH, May 10 (LEASON)... The Hungarian National Assembly is to debate tomorrow a proposal from the Justice Ministry that it prolong its life for two years so that the Party and government can follow Premier KADAR's advice to concentrate on economic rather than political work.

KADAR made his proposal at the first meeting of the parliament since the October revolution. According to Hungarian law, new parliamentary elections were supposed to have followed the end of the present session.

KADAR's two-hour speech followed a self-defense by the chief of the Presidential Council, Istvan DOBI, who appointed Imre NAGY to the premiership upon the fall of Erno GERO on October 24.

One of the first duties of yesterday's meeting was to approve the appointment of KADAR as premier early last November -- the exact date of his appointment is not known in the West. The chronology of events between October 28 and November 4 was one of the main subjects of DOBI's expose. DOBI claimed his Presidential Council withdraw its support from NAGY on November 4 and appointed KADAR. If so, the Hungarian Government still cannot escape the taint of illegality for, according to DOBI himself, KADAR, requested the Russian intervention on November 3, after his "escape" from the NAGY forces. The whereabouts of DOBI himself and the composition of the Presidential Council on November 3 and 4 is in any case vague.

Where DOBI's speech was concerned with the establishment of the legal order of things, KADAR presented a long situation-report on the State of the Hungarian economy and the country's political situation.

He said the Hungarian economy is on the "upgrade" with many "healthy tendencies" in sight. This was in spite of a long list of unfavorable symptoms such as contradictions between wages and productivity, imports and exports, and investment and expenditure.

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The continued existance of the biggest danger, inflation, was pointed out when shortly after KADAR's speech, the government announced that the prices of some goods, mostly consumer, are to be increased. BUDAPEST radio said this morning the price increases apply to unnamed food items, articles of clothing, household goods, chemical goods. Also affected are agricultural machinery and tools, construction materials, motorbikes and bicycles, washing and sewing machines, photographic apparatus and other luxury items. D/03

Price increases in these goods highlights the fact that the improved consumer goods situation has been in large part due to large imports from the Soviet Union and the East European States. Also involved in the obvious fact that the Soviets and neighbor States were willing to support Hungary in consumer goods for at least a certain length of time. A BUDAPEST radio broadcast of May 4 had already sounded the alarm. The radio said the danger of inflation had only been put off; it did not cease to exist; the task is not to raise the living standard further but to maintain what has been achieved; heavy industrial production has had to be cut so that raw materials can be diverted to consumer goods production. "Nepszabadsag" of May 5 said 95 per cent of the national income was going to consumption; during the first quarter twice as much was imported as was exported.

KADAR did not indicate that the various concessions the regime has been forced to make will now be rescinded.

Wages raises will stand -- but the price increases will now eat up an undisclosed part of the raises.

Agricultural concessions will remain. These include abolition of compulsory deliveries; maintenance of last year's income tax level; collectivization will continue but on a voluntary bases. On the other hand, the increase in prices for agricultural machinery and tools and for building materials will probably discourage any initiative private peasants might have built up since October.

Private craftsmen and tradespeople, according to KADAR, will be allowed to continue their work to supplement State enterprises.

The position of the Hungarian workers councils is not definitely stated. The only reference to the workers councils, however, is in the unfavorable context of a reference to Yugoslav disappointment that the BUDAPEST regime did not allow the workers councils to retain what they had won: more of a voice in management. There have been ample indications recently, that the regime is only waiting for excuse and opportunity to destroy what remains of independently inclined workers councils.

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The fact that the parliament has been asked to extend its mandate for two years might be interpreted as a sign that the government does not expect to return things to a pre-October normal before two years time. The very strong attack on the NAGY forces by DOBI indicates that the regime does not feel entirely secure ideologically; on the other hand there is no indication that NAGY or his associates will be tried for the treason they are so often accused of. D104

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KADAR seems to have definitely ended any idea of a coalition government. One of his sharpest points of attack on NAGY is that in the coalition government NAGY formed following October 28, the Hungarian Workers Party was relegated to a "subordinate position". He takes note of the mistakes of the RAKOSI-GERO clique but makes it clear that despite their mistakes, the two discredited Stalinists did lead the Party and country "along the road of socialist construction". Any possibility that these two or their closest associates will regain any influence seems to have been quashed by the decision yesterday to throw them out of the parliament and put new men in their seats.

One point KADAR did not take up concerning the Party is an interesting and novel one broached by Karoly KISS -- who became a member of the Presidential Council by parliament vote yesterday -- in a lecture on Party problems May 6. KISS said then that it had been a "grave mistake" to dissolve the Hungarian Workers Party and form the Hungarian Socialist Workers Party. The implication is that the leaders of the latter will always be at least slightly embarrassed about it because it was formed during the NAGY tenure and thus must have been subject to NAGY influence, even though KADAR was its chief organizer and leader.

An interesting point of KADAR's talk was that he felt the necessity to deny views he said were current that either the intellectuals or the youth are the "leading class". Since the revolution, the regime has often felt obliged to deny that it is "anti-intellectual" in policy.

KADAR said the current parliamentary session will be called upon to debate the 1957 State plan and that a "three-year plan" will soon after also be submitted for debate.

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10 May 1957

C O R R E C T I O N

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On second page, first paragraph dealing with price increases, please correct second sentence to read:

BUDAPEST radio said this morning the prices increases will not apply to products of the food industry, clothing articles; or to household, chemical, iron or crockery articles.

Affected are agricultural machinery and tools, building materials and such consumer goods as motorcycles, bicycles, washing and sewing machines, certain kinds of cameras and a few other luxury articles.

It is interesting that the latter category of goods have also been made the subject of price increases in Poland. One of the reasons for the measure in Poland was to cut down speculation in goods purchased relatively cheaply in State stores and then resold at a great profit by black marketeers.

BUDAPEST radio said prices will be raised to some extent in the catering industry; different prices will be charged for food consumed at tables. Prices for beverages will be increased. Hotel rooms and especially in hotels catering to foreign tourists will also be more expensive.

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