Situation Report

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LABOR

1. Deficiencies and Abuses in the Congressional Work Competition

The so-called congressional work competition is regularly discussed in the Hungarian press. This campaign was started in April 1974, when 19 large enterprises sent in pledges, and was followed by an appeal from the National Trade Union Council, the Patriotic People's Front, and the Central Committee of the Communist Youth League (see Hungarian SR/18, Radio Free Europe Research/EERRA/, 7 June 1974, Item 2). The congressional work competition was started in honor of the approaching 11th party congress -- which gave the competition its name -- and the 30th anniversary of the 1945 "liberation," to be celebrated in 1975. The purpose of the campaign is to successfully complete the fourth five-year plan and to create a proper base for the fifth five-year plan, which begins on 1 January 1976. According to the appeal, the competition's aims are to increase work efficiency, to cut production costs, to improve production organization and efficiency, and to manufacture high-quality goods. The old-fashioned endeavor to overfull quantitative norms is neither a method nor a purpose of the work competition. To date many enthusiastic articles, i.e., articles meant to arouse enthusiasm, have been published in the press on the achievements of the competition, on the "spontaneous" pledges made, on the communist Saturdays "voluntarily and readily" undertaken by workers, etc. Nepszabadsag (26 October 1974) published an article by HSWP CC Secretary Imre Gyori eloquently describing the achievements of the competition and calling it "a splendid example of a sense of social responsibility." Gyori mentioned as a new feature in the competition the fact that it has helped to improve quality and modernize organization. He praised the introduction of the communist Saturdays and Sundays which, "in the overwhelming majority of cases serve important ends, such as the construction of children's institutions, Pioneer camps, parks, and cultural and sport projects."

It would appear that both higher- and lower-level party organizations are attaching political and ideological importance to the congressional competition. It may indeed be precisely this ideological side which is of the greatest importance from the party's viewpoint. Gyori put it as follows:

The current standard in the work competition could be reached by the participants only thanks to a considerable degree of consciousness and initiative. In this way, the competition, in addition to its political, economic, and other achievements, also displays the high level of consciousness possessed by the decisive majority of our working class, peasantry, and intellectuals. It proves that the working people consider their participation in the congressional competition as reflecting a political attitude and that they are demonstrating their support for party policy by conscious activity.
No mention was made in the article about the fact that the work competition has not proved as successful as the party anticipated, and that, in fact, serious difficulties and irregularities have arisen. It is interesting that while the party and its press -- with a few exceptions -- recognize only the successes of the revived work competition movement, the trade unions often and resolutely point out the mistakes. A typical example is Radio Budapest's most recent "168 Hour" program in which commentator Csaba Vertes interviewed the head of the National Trade Union Council's main economic department, Tibor Fabri (26 October 1974). Below are a few interesting details of the interview:

At one point, Vertes said to Fabri: "I am sure that you, too, have noted that, at times, the intellectual workers in enterprises and institutions have not organized the competition very cleverly -- in plain fact, that it has been organized in a compulsory manner."

Fabri was forced to agree that, in many instances, this was the case. One of the "new" features in the competition is the organization of so-called "complex brigades" (made up of both workers and the technical intelligentsia). In many enterprises, however, such collectives are organized only so that the factory can boast of its high number of complex brigades. "There is no sense in this at all," agreed Fabri.

In the course of the interview it became clear that fulfilling the quantitative indicators is still the real purpose of the competition, and that the original objectives, such as improvement of quality, more rationally organized work, and better organized and more efficient production have been lost in the process. Fabri frankly admitted that in some enterprises "the quantitative overfulfillment of plans is forced, even when material is lacking or sufficient capacity cannot be secured, and even when, due to lack of orders, the products remain unsold."

The bad atmosphere prevailing among workers was also reflected in the interview, when Fabri said: "At the beginning of the month they use up the material at their disposition rapidly, and then cannot maintain a steady pace of work during the rest of the month, at the same time demanding: What is the use of this congressional pledge? Why did the leaders ask us to make it?"

It also emerged in the interview that there are abuses in many places concerning the communist Saturdays and Sundays. According to Fabri, "under cover of this very beautiful political slogan, they very often take advantage of the workers' free time. Chiefly to make up for production backlogs or shortages of labor." This statement was rather typically amplified by Vertes, who said: "In these places, the free Saturdays are becoming increasingly fictitious." Fabri recognized this too. It was also revealed that where no week-end shift is pledged, wage deductions are made. The conclusion of the interview was that such procedures "degrade the system of communist shifts," and that an exaggerated work drive "produces the reverse of the effect desired, and can even create an unfavorable political atmosphere."
Similar mistakes were revealed by Munka, the National Trade Union Council periodical (1 October 1974), in an article by the council's economic adviser, Tibor Toth, entitled: "How the Congressional and Anniversary Work Competition Is Progressing." Toth praised the achievements but openly revealed the existence of the same mistakes admitted by Fabri: the excessive recourse to work on so-called free Saturdays, a virtually mandatory deduction from the wages of those who do not sign up to work on those Saturdays, and unjustified surplus production for which there are no orders. Indeed, Munka also revealed the existence of other shortcomings, such as the fact that in some places the achievements recorded are attained by increasing the pace of work instead of engaging in a more systematic and rational work process. Another interesting admission openly made was that these achievements "also play a role in the formation of market prices." In many places the work competition has become a complicated and bureaucratic process, one made uninteresting and even boring through an avalanche of questionnaires and statistics. Perhaps the most interesting point made in Toth's article is that there is little publicity for the work competition in the enterprises themselves and its propagation is left primarily to the central news media and the national press: "In the enterprise, propaganda for the competition is all too unobtrusive and restrained. There have been cases where the news of outstanding achievements by an individual worker or colleague was discovered by workers perusing the national press, even before it was made known in the factory itself."

It would be an exaggeration to conclude that a far-reaching disagreement exists between the party and the trade unions over the work competition -- especially since the Council of Ministers on October 24 accepted much of the TU criticism -- but there is no doubt that there are certain differences. The trade union is closer to the workers than is the party, and is quicker to sense the workers' mood, but -- at the party's direction -- it cannot refuse to organize work competitions, any more than can the enterprise management, particularly since, according to Gyori, participation in the competition "is also taken to reflect one's political attitude." Nevertheless, the congressional competition has been guilty of some old errors: forcing quantitative achievements by increasing the pace of work, making up for plan underfulfillment though use of the work competition, forcing workers to give up their free time (originally proclaimed as a great socialist achievement), etc. In this way, it is not only the free Saturday which becomes a fiction, but also the workers' "political attitude" and their "support of party policy."

2. Aspects of the Public Health Situation in 1973

The year 1973 was the second to be passed under the 1971 health law. Recently, some interesting aspects of the health and medical situations in Hungary were made public in a survey (Nepregeszsegugy, August 1974) which is reviewed below.
In January and February 1973, the flu epidemic hit the population, with 1,300,000 cases recorded, a fact which unfavorably influenced the mortality rate (11.8 per thousand), pushing it up almost to the 1971 rate (11.9 per thousand) -- the highest in the last decade. In addition to the flu outbreak, there was a measles epidemic, which also unfavorably affected the general health situation. The epidemic had started in 1972, but continued to spread in 1973, when a much higher number of cases were reported than in 1972. The overwhelming majority of these cases were among those age groups of the population which had not yet been inoculated. Of the infectious diseases, the number of hepatitis cases also increased, with some 10,000 reported. The number of salmonella infections continued at the same, steady rate of 4,000 to 5,000, as had been the case in the three previous years. Fortunately, no cases of polio were reported. As for venereal diseases, the reported rate represented a 3.8 per cent rise over 1972, with 592 newly reported cases of syphilis and 13,838 of gonorrhea. The great majority of these were reported in Budapest.

The death rate in such diseases as cancer rose by 1 per cent, and the number of blood vessel injuries affecting the central nervous system by 4 per cent. It was noted with surprise that the number of fatal heart and hypertension cases decreased, despite the influenza epidemic.

It was also in 1973 that organ and tissue transplants were first done in Hungary, the general artificial kidney program was developed, and the kidney transplant centers were opened.

As is well known, the high number of induced abortions is a serious problem in Hungary. In the general effort to improve the country's birth rate only a slight increase was noted, and the rate remained below expectations. The number of induced abortions in 1973 was 4.5 per cent less than in 1972, and hope was expressed that the new measures in effect as of last January would produce an improvement in 1974.

In 1973, the number of those who benefited from regular child-care allowances was 195,000, with the state paying out 1,571 million forint for that purpose.

By the end of 1973 there were 25,621 registered doctors in Hungary. Of this number, 22,510 were actually working as physicians, which means that there were 21.6 doctors for every 10,000 people. It is noted with satisfaction that the number of vacant posts for doctors did not increase, contrary to previous years, but remained at 9.1 per cent. As has been the case for some time, the majority of these vacant posts were in the country. The number of pharmacies decreased slightly, and by the end of the year there were 3,746 of them. There are serious problems concerning nurses and other sectors of the medical service. So far as nurses go, the fact that 95 per cent of them are women who frequently need maternity leave means that a 20 to 25 per cent increase in their number is needed. One
of the serious problems is that more than 20 per cent of all nursing personnel are unskilled, with no professional training.

Another negative aspect of the health situation is the fact that no new hospital was opened in 1973. The number of hospital beds increased by 581, but this was a rather spotty development, with university and state clinics adding not a single new bed to their facilities. The shortage of hospital beds is chronic, with statistics indicating there are only 83 beds available for every 10,000 people. Mental disease facilities are particularly crowded.

The survey did not report any substantial improvement in social homes for old people. The state maintains only 14 social homes, with 1,822 inmates, while the municipal councils run 235 of them, with 26,533 persons. Many more homes are needed, and the waiting lists never decrease. Monetary social assistance is also rather low. The average monthly aid is 423 forint, which corresponds roughly to 14 dollars. Summarizing the financial side of the economic survey, the rate of investments was somewhat lower in 1973 than in previous years. It rose only by 6 per cent, a figure which corresponds to the general development of the national economy but is still low in view of the really great need.

FOREIGN TRADE

3. Decree on Foreign Trade Agencies

Foreign Trade Law III/1974 (Magyar Kozlony, 17 October 1974) lays out the essential principles and directives made public at the National Assembly's fall session, when the foreign trade bill was introduced (see Hungarian SR/39, EFER, 10 October 1974, Item 1). The fourth chapter in the law, however, deserves special analysis, as does Ministry of Foreign Trade Decree No.8/1974 which implements the law. Below are the main provisions of the decree:

Foreign trade activities may be undertaken by foreigners in Hungary in the following ways: through state enterprises established specially for this purpose (ugynoki vallalatok es kult. irodak — brokerage agencies); by entering into economic associations (gazdasagi tarsulasok) and by creating direct trade agencies or business offices. The decree states that the first of these is the most desirable. For the second, a special permit from the Ministry of Foreign Trade is needed, and for the third the ministry will give permission only in "exceptional cases." Brokerage agencies and economic associations are to be under Hungarian management, and trade agencies under foreign direction (obviously that is why licenses for such agencies are issued only in exceptional cases).

State enterprises acting as brokerage agencies are allowed to set up special offices for their foreign clients in order to transact their affairs. For purposes of supervising and promoting the representative functions of the agency, the foreign client is permitted to employ a permanent agent or staff member; special authorization to establish such an office must be obtained from the Ministry of Foreign Trade.
The economic associations operate on the basis of special statutory provisions. Their main task is to act as a trade representative for their foreign partners. The decree does not specify the type of economic association that may be established jointly by the Hungarian and foreign partners, but according to the Kozgazdasagi Lexikon (Economic Encyclopedia) (p.146), several types are permissible: joint ventures or undertakings, and joint stock companies or limited liability companies. Such associations can also take the simpler form of a "combination" (egyesules) -- that is, a "co-ordinating company" (koordinacios tarsasag) without joint property rights, and, having no special legal personality, whose partners regulate their activities within the framework of simple agreements. It can be assumed, however, that the economic association will take the form of some sort of joint enterprise, since its field of activity is rather wide.

Brokerage agencies and economic associations are not new in Hungarian economic life, and both forms previously existed in the foreign trade sector. The new decree merely sets their activities in a uniform framework. Direct trade representation under foreign direction and management, however, is an entirely new form of economic activity. The decree regulates its method of operation in detail, and sets the conditions for and method of authorizing it.

First and foremost the decree defines the cases in which direct trade representation is desirable:

... if it is in accordance with the national economic interest and the state foreign trade policy, and especially if the direct trade representation to be established [as an intermediary] between foreign and domestic economic organizations promotes the development or further development of research, technological advance, production and sales, and permanent and close economic co-operation in other trade or economic fields.

The foreign partner must apply for a special permit from the Ministry of Foreign Trade, and the application must contain the following data:

The name of the foreign firm, its legal form, date and place of registration, and headquarters;

Its nominal and paid-up capital;

Its field of activity;

The field of activity to be engaged in by the direct trade representation to be established, the number of foreign and Hungarian personnel it wishes to employ, and the planned duration of its operations.

It is suggested that additional information also be provided, such as the achievements of the applicant in its own or other countries, and its previous relations with Hungarian enterprises; especially desirable, according to the decree, is information on its
plans for and concept of production and trade co-operation ventures with Hungarian economic organizations, especially those whose implementation will raise the technological standard of Hungarian economic activities, increase their efficiency, and contribute to the export activities of Hungarian economic organizations.

The Ministry of Foreign Trade must rule on the application within three months. The license must specify the agency's field of activity, the length of time for which the license is issued (or the fact that it is issued for an indefinite period), the number of foreign and Hungarian personnel to be employed. A special provision of law will deal with tax questions. The agency will have to be entered in the trade register, and its operations must be reported to the Ministry of Foreign Affairs at specified times and in a specified manner. If the agency does not adhere to the conditions stipulated in the license or violates the law, the license may be withdrawn. Dossiers on foreign personnel must be supplied before the license is issued (a separate dossier on the manager is mandatory); and they can take up their work only when the Ministry of Foreign Trade has acknowledged the report.

According to the decree, the organizations in question may carry out the following operations:

- Negotiating on behalf of the foreign company with Hungarian economic organizations authorized to pursue foreign trade activities agreements which are recognized in Hungarian statutory provisions as foreign trade agreements;

- Participating in the draft and negotiating of these agreements, and signing them;

- Maintaining stocks on consignment from the foreign firm, and guaranteeing customer and maintenance services for the products or services the foreign company supplies;

- Advertising and giving information about the products and performances supplied by the foreign company and about those of its legal claims that represent material values, organizing their exhibition in Hungary at fairs and exhibits, and arranging technical lectures and other similar projects.

The decree and the foreign trade law will become effective on 1 January 1975.

The object of Hungary's foreign trade policy can be clearly seen in the decree: to improve the country's foreign trade activities, especially its exports and technological development and, within an appropriate framework, to include foreign partners in this effort. The establishment of independent trade agencies operating exclusively under foreign direction is a small but still noteworthy step in relations with foreign partners.
AGRICULTURE

4. Bad Weather Threatens Co-operative Incomes

In addition to hindering seasonal agricultural work, the recent bad weather in Hungary has caused difficulties of a financial nature in many agricultural co-operatives. In most of them the profits from the sale of their vegetables, fruit, grapes, and wine have been smaller than expected, and since the bad weather prolonged the harvesting payment was accordingly delayed. One agricultural co-operative in southern Hungary usually nets a yearly profit of 7,000,000 to 8,000,000 forint from sales of fall vegetables; this year, however, despite the fact that it was one of the most productive farms, no profit is expected (Radio Budapest, 29 October 1974). Many co-operatives all over the country expect similar losses. Owing to the heavy rainfall, the grapes began to rot and their sugar content remained low, which also means a loss of profit.

The difficult harvest also involved much manual labor and increased expenditures for wages. For example, a job that is normally carried out by one machine and five or six people required the manual labor of some 100 persons in 1974. This was especially true of the harvesting of sugar beets. The decrease in income and the considerable increase in the wage bill threatens to result in a financial imbalance in many agricultural co-operatives, and to improve the situation the agricultural co-operative leaders have asked the government to grant loans ( repayable in one or two years) to farms in financial difficulties instead of following the refloating procedure hitherto customary (see Hungarian SR/5, RFER //EEAR// 3 February 1970, Item 9).

The increase in the employment of manual labor means that agricultural co-operative members will have considerably larger personal income this year, but such increases are subject to a special tax (see Hungarian SR/39, RFER //EEAR//, 6 October 1970, Item 7). If a member's personal income increases by more than 4 per cent over 1973, the excess is heavily taxed, and this is a source of considerable concern to the co-operative managers. The National Council of the Agricultural Co-operatives has already made a proposal to the Ministry of Agriculture and Food regarding the matter, and has started discussions with financial experts in order to work out a rate of taxation for these exceptional incomes (Radio Budapest, 30 October 1974).

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