

Production Problems

Changes in the Structure of Production

The information service (14.5.57) quoted a 'Nepszabadsag' article by Mihaly Koekeny on the distribution of productive resources. Koekeny said that industrial output had risen threefold between 1938 and 1950. The manufacturing industries' output had risen fourfold, but that of the handicraft industries had decreased by 35-40 per cent. In the same period, agricultural output had gone up by only 20 per cent or so. The proportion of all workers engaged in agriculture had fallen from 50 to 44 per cent, but both the number of factory workers and the national income had doubled. Agriculture's contribution to the national income had fallen from 40 to 30.5 per cent, and that of industry risen from 40 to 57 per cent. Industrialisation had not therefore caused unfavourable changes in the structure of the economy.

As for the structure of industry itself, Koekeny went on, the neglect of Hungary's resources had caused particular concern. Although there was room for improvement in this respect, this neglect had not been as catastrophic as many thought. The manufacturing industries - excluding the mining, metallurgical and food industries - had spent 17 or 18 per cent of the value of their output on imported materials in the second half of the nineteen thirties and the proportion was the same today.

Increases in Some Retail Prices

The home service (03.30, 10.5.57) announced that although measures taken by the Government had resulted in a considerable consolidation of the economic situation, it was as yet impossible to satisfy demand for certain commodities. Hence the Government had decided to increase the retail prices of a small group of goods. These increases would not affect the fixed prices, valid throughout the country, of the products of the food industry, clothing, household, chemical, iron and crockery goods, and of most articles meeting cultural needs. Among the goods, the prices of which would remain unchanged, were bread, meat, fats, flour, fabrics, ready-made suits, shoes, soap, detergents, fuel, toys, books, medicines, etc.

The price increases would apply to agricultural machines and implements, building materials, motor cycles and bicycles, washing and sewing machines, and to certain kinds of cameras and a few luxury articles. Higher prices would also be charged for certain services in the catering and hotel industry and for wines, beer, vermouth, champagne, and espresso coffee. Charges for rooms in hotels catering for foreign tourism would be raised, and food consumed at tables in certain catering establishments would be dearer.

Statement by Minister of Internal Trade

MTI (12.5.57) circulated a Press statement by Janos Tausz, Minister of Internal Trade, on the price-increases. The Minister declared that in recent months purchasing power had risen more rapidly than production and that the price adjustments were designed to ensure a balance between purchasing power and stocks of goods. He went on to list the articles which were affected by the price increases and those which would remain unchanged, and added that the Government planned to increase output of certain goods such as ploughs and bicycle spare-parts, the production of which had hitherto not been profitable. He emphasised that the price-increases did not represent a trend of Government policy, but had been dictated by the economic difficulties caused by the counter-revolution.