

The first of the series of lectures to be given by Party leaders at the Party Political Academy (Summary Part IIB, No.867, p.8) was read by Istvan Friss on 1st October under the title "Some Theoretical and Practical Aspects of our National Economy". An abbreviated version was published in 'Nepszabadsag' and the papers carried long extracts from the lecture. MTI transmitted the following summary (headings added):

State Control: Past Achievements

"Istvan Friss began by pointing out that a united direction of the economy serving the interests of society as a whole could not be brought about without an organisation as suited for the task as that of the socialist State. The direction and guidance of the national economy on the highest level must be concentrated in the hands of the State.

"Istvan Friss thought it useful to bring to light past mistakes in our economic policy without, however, exaggerating their importance. He suggested that our economic achievements should be compared with those of the capitalist countries. In this connection, he compared data recently published by the Hungarian Central Statistics Office with those contained in a publication issued by the OEEC. These showed that between 1949 and 1956, the Hungarian national income had risen by 64 per cent and public consumption by 41 per cent. The average increase of the national income in the OEEC countries in the same period had been 36 per cent, and that of consumption 29 per cent and only the German Federal Republic had shown an appreciably higher percentage than that.

"After pointing out the mistakes made in Hungarian economic policy, Istvan Friss stressed that some of these mistakes had been corrected before last October, but this trend had been arrested by the counter-revolution. Its consequences had created a setback of several months in our economy.

Basic Principles of Policy

"Discussing the fundamental principles of the Party's and Government's economic policy, Friss first mentioned the principle of a constantly rising standard of prosperity. With its wage awards, the Government had redressed the mistakes of several years. There was no doubt that the Hungarian workers' living standard was now higher than at any time in history. The Party and the Government were paying

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much attention to the establishment of good relations between the working class and its allies. In relations between the working class and the peasantry, the Party and the Government opposed any violation of the principle of voluntary membership in producer co-operatives. The abolition of the compulsory delivery system had appreciably improved the financial situation of the peasantry. Our agricultural policy was designed to provide a stimulus for the development of agriculture.

"We have taken further steps towards the democratisation and decentralisation of the entire economic machinery. The principle of profitability must be asserted to a greater extent throughout our economic policy. To this end, the Government had invited a number of experts to discuss Government decisions before legislation was drafted. The Party and Government were making concerted efforts to find the correct distribution of effort between the socialist countries. They had put an end to the over-ambitious policy of heavy industrial development, Friss said. XX

#### "Apparent" Improvement Due to Foreign Loans

"Istvan Friss said that the normalisation of economic life had been brought about more quickly than anticipated. The total number of workers and employees was now a little below the August 1956 figure, but the number of workers alone was slightly higher. The monthly average wage in August 1957 had been 18 per cent higher than in August 1956. But per capita output had remained 14 per cent lower than in August 1956. HHH

"The present apparent improvement in our economic position was largely due to the considerable loans granted by our friends, and by the Soviet Union in the first place, Friss said. Since, according to the figures available, the population consumed approximately 95 per cent of the national income, very little remained for accumulation and investment. We must therefore put an end to the waste which still occurred on a considerable scale in economic life. The population's income could not be further increased until we can increase the national income. Friss concluded by pointing to the need for the workers to take part in the management of their enterprises without there being any reduction of the manager's personal responsibility." (MTI 2.10.57)