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HUNGARIAN DAILY BACKGROUND

(Up to 1200 hrs. December 14)

1./ Partial Strike Continues in BUDAPEST

In the Beloianis factory, formerly Standard Electric, which employs 60,000 workers, the protest strike was continued in the morning of December 14. The workers refused to resume work until Sandor RACZ, President of the BUDAPEST Central Workers' Council, and Sandor BALI, one of its members, were released. Both were employed by this factory, which was occupied by police and soldiers on December 15.

The BUDAPEST correspondent of AP reported that on a walk through BUDAPEST XI. on Friday morning, very few factory chimneys were emitting smoke. Groups of workers were standing around in the yards. According to a Reuter report 12,000 workers were on strike in BUDAPEST in protest against the arrest of the two workers' leaders.

It is evident from the reports of Western correspondents that the workers intend to continue passive resistance. This attitude is encouraged by the shortage of raw material, coal and power, which threatens large-scale unemployment.

2./ Catastrophic Coal Situation in Hungary

To give a clear picture of the catastrophic coal situation in Hungary we sum up below the coal crisis prior to the revolution and the situation after October 23.

I. HUNGARIAN COAL SITUATION BEFORE THE REVOLUTION

The pre-revolution crisis which occurred in energy-source field (coal, crude oil) was anticipated. Erno GERO reported as early as July 18th that -- as a result of the flooding of the oil fields -- the fulfillment of the productivity of the 1956 plan for crude oil, would be 320,000 tons less than the prescribed target.

Thus, instead of the originally planned 1.7 million tons, they will only produce 1.38 million tons of crude oil in 1956. This decrease in terms of calories is equivalent to approximately 1 million tons of coal calories.

Erno GERO, in the same speech, requested that the miners produce at least 300,000 tons more coal than the prescribed target in the next half-year.

Thus, the miners norm for coal was raised from 23.8 million tons to 24.1 million in 1956.

It is probable that oil production decreased even further in the few months before the revolution while, simultaneously, the miners could not fulfill the above-mentioned coal norm. This brought about the fuel restrictions for tractor stations, stopped the scheduled running of 500 buses and 1,071 trucks and rendered necessary the curtailment of 600 scheduled trains from the period beginning October 1 1956 and continuing for three weeks.

The railroads in recent years restricted passenger traffic between January 1st and April, when it was relatively low. But the fact that the restriction was carried out in October indicated the catastrophic nature of the coal situation.

The pre-revolution lack of coal can be explained primarily by:
(a) neglect of Hungarian coal mine development and the exploitation of existing mines. (b) The foreign -- Polish and Czech -- coal consignments did not arrive.

A. The Mistakes of Hungarian Coal Mining.

The production of coal in Hungary has tripled as compared with pre-war production:

1938	-	8.8 million tons
1949	-	11.8 million tons
1954	-	22.0 million tons
1955	-	22.3 million tons
1956	-	24.1 million tons (planned)

But on the other hand, the need for coal, as a result of the stress on heavy industry, has risen to five times that of the pre-war period. Another unfavorable fact is that only one-sixth of the coal produced is black coal; the rest is lignite. The hard coal equivalent of this 22.3 million tons is merely 12.4 million tons.

Production, then, does not meet demand. The situation can only be more serious if, in raising the production of coal, they exhaust the existing mines instead of intelligently developing new ones.

The aim was to mine as much coal as quickly as possible. For this reason they (1) stressed the all-out exploitation of existing mines, rendering it momentarily possible to raise coal productivity. But these mines will shortly be exhausted, thus causing uncertainty of long-term supplies. (2) Development of large-mine construction,

which in the long run would have insured the growth of coal productivity according to plan, was neglected. (3) They completely neglected the technical development of the mines. In their desire to fulfill the quantity prescribed by the plan they paid no attention to the raising of the technical standard, which would have made it necessary to manufacture new mining equipment.

After 1954 measures were taken to correct technical standards. This, however, - - because of the lack of machinery - - did not have any tangible results. In 1955 only 8 per cent of all coal mined was cut by machine and only 1.4 per cent was loaded by machine; transporting, however, amounted to 50 per cent.

These three mistakes in mine-working account for the fact that in the next ten years not only 25 per cent of the old mines, but about 50 per cent of the mines constructed in the last 4 years will be exhausted and lose all productivity.

Between 1949 and 1954 the average increase in coal production was 2 million tons; between 1954 and 1956 the average rise was only 1 million tons and this was only accomplished by employing every possible means. Hungarian industry, therefore, depends on coal imports and if these imports are late it is immediately reflected in the economic life of the country.

B. The Lack of Coal-imports

Hungary receives most of its coal and coke from Poland and Czechoslovakia. Neither of these countries fulfilled its coal production plan of 1956 and for this reason decreased its coal exports. This decrease in export-coal was the actual reason for the pre-revolution coal shortage (in Hungary.)

Approximately 80 per cent of Hungarian foundry coke is imported from these two countries.

II. THE PRESENT COAL SITUATION

On December 13 the government called upon the miners to produce as much coal as possible "in the interest of the Hungarian people." It pointed out that if there was no improvement several factories would have to be closed down, which "would mean unemployment for several tens of thousands of workers."

In fact Hungarian coal production decreased by catastrophic proportions. The average daily coal production since October 23 is approximately eight to ten thousand tons as against the normal daily average of 75,000 to 80,000 tons.

It has to be added that prior to October 23 the coal situation was already grave, the maximum coal reserve in the factories being only sufficient for one week. Thus the decrease of coal output

was immediately felt . All the factories need coal to be able to work (MISKOLC, SZOLNOK, SZEGED and GYOR factories, and the public health institutions have coal reserves for one or two days only.)

Reasons for shortage.

Apart from the revolutionary events and the strikes, the coal shortage can be attributed to two factors: shortage of miners and neglect of maintenance.

103,000 miners were working before the revolution. At least half of them were men recruited from the villages. During the revolution most of them either returned to their villages or escaped to the West, or eventually took an active part in the remaining resistance.

We do not have nation-wide data, but even from partial data it can be estimated that approximately 40 to 50 per cent of the coal miners have probably left the mines for good. (At DOROG approximately 3,000 of the 6,000 miners remained; 41 per cent of the PECS Trust miners quit and the situation is the same at KOMLÓ.)

The second reason for the coal shortage, the neglect of the mines, was brought about by the exaggerated five-year plan, in which in the interest of more production the modernization of the mines, like everything else, was pushed into the background. Since October 23 maintenance has been much more seriously neglected, for example of the 53 galleys of the PECS mines only 23 can be used, and the DOROG mines are threatened by a general inundation.

Government's Remedial Measures.

To increase the number of miners the pensioned miners were called to resume work in the pits, their physical condition permitting. The government also increased miners' wages by approximately 12 per cent with immediate effect, abolished norms and made several promises of social benefits (building of miners' homes, loyalty-bonuses.)

Coal imported from Communist countries was of some help, but only very little (Poland for example will ship 50,000 tons of coal and coke to Hungary by the end of the year) because these countries are also suffering grave coal shortages.

All these measures, however, were not even enough for the government to win over the existing miners. The situation is unchanged, and it is precisely the miners who are resolutely demanding the realization of the demands of October 23. Thus at the moment there does not seem to be any solution which would mean a way out from the present catastrophic power shortage.

3./ New Information on Demonstrations.

Information received so far on the demonstrations held in Hungarian cities at the beginning of the week is supplemented by an AP report and an article in the December 14 issue of "Nepszabadsag," which was broadcast by Radio KOSSUTH.

On December 13 an armed clash took place in MISKOLC between demonstrators and Soviet troops who tried to disperse them. According to the article of "Nepszabadsag" "the counter-revolutionaries opened fire on the Red Army forces, and this had to be returned by the Soviet troops." The article states that the demonstrators distributed "Fascist leaflets" and set fire to a theater in MISKOLC. The article did not disclose the number of casualties in the battle, neither did it make clear whether fighting continued. According to AP the demonstration led to the arrest of 70 MISKOLC worker-leaders.

At the beginning of the week, several hundred students demonstrated in KAPOSVAR (capital of the county Somogy) in front of the statues of PETOFI and KOSSUTH. The police arrested three students but were unable to disperse the demonstration. The arrested students were released after a few hours.

In DEBRECEN the demonstrators burned the Wednesday issue of the local paper. There were no arrests.

From delayed information we are able to conclude that demonstrations held all over the country at the beginning of the week, and armed clashes in some places (SALGOTARJAG, MISKOLC) were of far greater proportions than we were able to judge in the days immediately following the demonstrations.

4./ Danger of Large-scale Unemployment

As a consequence of the coal crisis there is the danger that some heavy-industry factories will be forced to close down. The lead article of "Nepszabadsag" December 13 mentioned the danger of mass-unemployment. In the same connection the government's dramatic appeal to the miners (already preparing to put the blame on them) says:

"The local yards are empty. The population cannot get any coal. The majority of the enterprises are not even getting one fifth of the coal required for continuous production. If this remains so, further power cuts will have to be enforced. The government will have to stop production, first of all in the heavy industrial enterprises in BUDAPEST and the provincial towns, which use a great deal of power.

"To the public of the country we state frankly, no matter how much

it hurts us, that this step may mean unemployment for several tens of thousands of workers. Permeated by a sense of responsibility toward our people, we can no longer tolerate the paying of wages for work not done, thereby rendering inflation inevitable. For this reason, if there is no improvement in coal production, mass dismissal of workers will inexorably follow."

End.