

# Hungary's Economic Policy

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Speech by

**MÁTYÁS RÁKOSI**

at the Meeting of the Budapest Party Activists  
of the Hungarian Working People's Party

on July 11, 1953

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Hungarian News and Information  
Service

33, Pembridge Square, London, W.2

Mr. Mátyás Rákosi, member of the Secretariat of the Hungarian Working People's Party, said in an address to leading members of the Party in Budapest on July 11, 1953 :

We have called together the Party active of the Budapest organisation of the Hungarian Working People's Party to acquaint them with those questions concerning which the full meeting of the Central Committee of our Party passed resolutions on June 27 and 28.

These resolutions dealt with the most important questions of our Party and our people's democracy, and dealt in especial detail with those mistakes which have shown themselves in the work of our Party and in the economic spheres of our people's democracy. The Central Committee also worked out the measures concerning the correction of the mistakes.

The Hungarian Working People's Party has achieved fine results and successes in the period which has passed since the Liberation. Our Party led the Hungarian nation out of that almost hopeless position caused by the devastation of war. Our Party led the rebuilding and our Party carried to victory the struggle against the old system, the capitalists and the big landowners, and with the leadership of our Party our working people started to lay the foundations of its better, socialist future in town and village alike.

And, what is most important, among the results the standard of living of the working people—of worker and peasant alike—reached a degree never even approached in the time of Horthy. Every Party member, every comrade, the whole working Hungarian people can rightly be proud of the results which we achieved in these difficult times. And, I can add, we achieved them because our liberator and friend, the mighty Soviet Union helped and supported us in every sphere.

However, our Central Committee has decided that our Party, and especially our Party leadership, has committed serious mistakes during its work. One part of these mistakes followed from the incorrect methods of our Party leadership.

The meeting of our Central Committee worked out the measures which will in future guarantee real collective leadership and give validity to Party democracy—that indispensable security of our healthy development—in the leadership, and to the spirit of communist criticism and self-criticism.

Now we have to take care that Party democracy and healthy criticism and self-criticism should become valid in the whole of Party life, from the central leadership right down to the basic units, and should help to strengthen and consolidate our Party's connection with the working masses. Since then, we have brought

the regulations which were worked out to correct Party work before the membership of our Party, and the comrades can convince themselves from them that we are determined speedily to correct and eliminate the mistakes.

Here, I wish first of all to deal with those measures which our Central Committee worked out in economic questions, and which Comrade Imre Nagy made known in the National Assembly, and with which we naturally agreed in every way, as with the guiding-line of our Party. I start straight away with the question of socialist industrialisation.

Since we finished clearing up the ruins of war and rebuilding, and after we had defeated the old exploiting classes in the political struggle, and turned to the building of socialism, the devotion, patriotism and conscientiousness of our working people brought into existence such constructions and produced such achievements as would never have been possible in the old capitalist times.

Every worker, every member of the intelligentsia, every member of our Party, in fact the whole working people is fittingly proud of such constructions as Sztálinvaros, Inota, Komló and many others. Our working class has in truth created great things during these years, and we rightly speak in this sphere of considerable successes of socialist construction.

However, at the same time, we must state that, in the ardour of creative work, we also made serious mistakes. We made a mistake in the first place, by changing over to too fast a pace in the development of our heavy industry and the industries which manufacture the means of production and, in the work of planning, we frequently left out of account the economic resources and the realistic possibilities of our country. We left out of account on more than one occasion those great possibilities which were contained in building up more co-operation with the Soviet Union and the People's Democracies.

However, the most serious mistake we committed was when, in February 1951, we exaggeratedly raised the industrial aims of our first Five-Year Plan. On the basis of the results of our Three-Year Plan and the good achievements of the first year of our Five-Year Plan, we decided at that time that our economic possibilities were greater than what we originally thought, and that we could take up more investments in our future plans. In accordance with this, we raised the total of investments from 51,000 million forints to 80,000 million forints (£1,500 millions to £2,400 millions).

And it was here that the mistake occurred. We could and we had to raise the plan, but this 30,000 millions rise was too much. We should have raised it less.



Naturally, parallel with this rise, we also decided to raise the standard of living of the working people.

According to our plan, we should have raised the standard of living by 50 % during five years and we wanted to build 220,000 homes during that time. But I repeat, in our raised plan, right at the beginning, mistakes crept in which from the very first made the raising of the standard of living in such a direction impossible.

The raised plan nominally prescribed ten times as much investment for heavy and machine industry as for the light and food industries. The sum intended for agricultural investment was also small. And yet the production of the light and food industries, and also of agriculture, should have been planned to ensure the rise in the standard of living to a considerable degree.

When it began to become visible that, owing to the exaggeratedly raised industrial plans, we had not enough strength left simultaneously to increase our heavy industry and the standard of living of the working people too, even then we continued the pace of our exaggerated industrial development. The consequence was that ever less investment was put to raising the standard of living of the working masses, and especially of the industrial workers. Fewer flats were built because of the building of factories and, as we shall see, the investments of agriculture relatively decreased as a result of exaggerated industrialisation.

Last year's bad crops capped these mistakes. Together, the two led to a situation where, during the last year, the standard of living of our industrial workers did not rise, but fell. We offended the basic law of socialist construction whereby, parallel with construction, the standard of living of the working masses and especially of the industrial workers must rise uninterruptedly.

Those economic measures which the Central Committee of our Party has just worked out are directed towards the correction of this serious mistake. Every comrade and our whole working people should understand that our suggestions mean, as before, the continued building of socialism, but in such a way that we correct those mistakes made while we were developing industry.

If, during the last two years, raising the standard of living of the working people and the industrial workers has been pushed into the background, we are now going to change things. Learning from our mistakes, we wish now to continue the building of socialism in such a way that, during this work, the uninterrupted rise in the standard of living, welfare and satisfaction of the cultural and social needs of our working people, and first of all of our industrial workers, should not be lost sight of for a second. This is the essence of the economic resolutions of the Central Committee.

A considerable part of the measures to guarantee a steady rise in the standard of living of the working masses has already been made known by Comrade Imre Nagy before the National Assembly, and therefore I will not speak of them. The substance of them is that we are examining all our investments and our future plans, and we will re-group them with the aim of devoting as much as possible to raising the standard of living of the working people, and the industrial workers, and at the same time, even if in slower tempo, we still carry on our socialist construction, and within it, naturally, the development of our heavy industry.

At the same time, we are going to spend more on the social aims of the workers, and on safety measures, we are decreasing overtime to the minimum, guaranteeing a day off, abolishing fines, and so on.

In making these regulations public we have not followed our old custom of making known our proposals first of all in the name of the Party. The experience of the last few days has convinced us that it would have been more correct in this case to publicise the tasks in the name of the Party because as we did it this time many of our comrades were not clear that the proposals presented by Comrade Nagy in the National Assembly were prepared on the basis of the resolutions of the Central Committee of our Party.

I can state that our working people and especially our industrial workers took note of these proposals with enthusiastic approval. The Hungarian working people once more have become convinced that our Party can take the necessary steps at the right moment and, when it discerns the mistakes which have been made, it reveals them courageously and takes the necessary steps to correct them. This is happening now, too. We are sure that the correction of these mistakes leads to the further strengthening of our people's democracy, and the further rise in the standard of living of our working people.

The enemy also knows this, and for this reason makes efforts to disturb these measures. He announces that the Plan is no longer valid, that now it is no longer necessary to keep to the norms, that there is no more necessity for work-discipline. For instance, because we have put an end to fines he draws the conclusion that now everyone can do what he likes in the factory.

We must meet this demagogic experiment of the enemy with which he wishes to obstruct the rise in the standard of living and welfare of our working people and the industrial workers and beat it back.

It is obvious to every socially conscious worker and member of the intelligentsia that *our standard of living cannot be raised if*



*our production decreases.* We are going to shift the emphasis and re-organise our industry in such a way that while going ahead with our socialist construction the largest amount possible of it will go to the raising of the standard of living of the working people.

But it is clear to everyone that *we cannot raise the standard of living if production—and right away I add, productivity—does not rise, and if cost of production does not decrease.* So that we can have more flats, more bicycles, clothes, shoes, sugar and food, we must have more coal, which powers the whole of our industry, more iron and steel, without which there is no machine-manufacture and it is not possible to raise the welfare of the working people.

Therefore, in the future too we want to produce more coal and more steel than this year, and we *must* produce more, because only in this way can we raise the standard of living of our people. The difference as compared with the situation so far will be that iron, steel, and coal production will be raised in smaller measure than so far and at the same time, we are speeding up the production of consumer goods.

From this it follows that every socially conscious worker should fulfil his present plan unchanged and, unchanged, he should keep discipline. He should economise with material, pay attention to quality and not stand for waste.

It is clear that all these factors are the basis and indispensable pre-conditions of the increase in his own welfare and of the rise in the standard of living of the whole working people. He who in this situation suggests that we should now slacken the work-tempo, reduce the norms, that achieving the plan is no longer important, he who announces that we can waste material, we can manufacture scrap, is in substance playing into the hands of the enemy.

Our old slogan “produce more and you live better” still remains valid; indeed, is only now truly valid. And our other slogan is still valid “Work in our country is a thing of honour and glory”.

In accordance with this, we must act with unchanged energy in the face of those who outrage discipline, especially plan-discipline, in the face of slackness, absenteeism, and those who manufacture waste. There is all the more necessity for this because voices can already be heard—and without doubt they are the voices of the enemy which, on the basis that we have put an end to the incorrect system of fines, proclaim that now no one can be punished, that indemnification cannot be demanded from those who manufacture scrap, either from negligence or consciously so, that the person who disturbs our socialist production, causes damage and makes the rise in the welfare of our working

people more difficult by being undisciplined cannot be brought to account.

Such viewpoints must be vigorously opposed. It must be made clear to honest people that just because our production is now being directed towards raising the welfare and standard of living of our industrial workers and our working people, we must heed discipline with greater care and more energetically oppose those who disturb and disorganise our socialist production in one way or another.

The re-grouping of our investments and the shifting of the emphasis of our future plans, which will have the result of raising the people's welfare in the speediest and most significant way, will be carried out by the National Planning Office and the respective ministries.

It is not true that our plans are overstrained in general: this is proved by the figures for the first half-year of this year, from which it turns out that we have overfulfilled our half-year's production plan in spite of the serious arrears of January and February.

The fault lies in that, in these plans which can be achieved, heavy industry investment is too great and that which we intended for directly raising the standard of living of the working people was too small. It is just this mistake which we now wish to eliminate.

If, however, we do not fulfil the plans which are already being carried out, or if we arbitrarily change the plan, without regard to the interests of the whole of our people's economy, to the further indispensable co-ordination and harmonisation of production, if certain factories change the plan, then not a rise in the welfare of the people, but chaos and disorganisation will spring up.

This must be understood by every comrade, every socially-conscious worker, every manager, every ministry, and we must together take care that these incorrect, in fact enemy voices, shall become silent. We must do everything to see that plan discipline, work discipline, the impetus of work and socialist emulation become stronger and help to carry out the rise in welfare of our working people as quickly as possible. I am sure that our socially conscious industrial workers, our intelligentsia and the whole working people support us in these appointed aims.

I repeat: we must declare war on those activities of the enemy which include indiscipline, the causing of confusion and the exaggeration of our correct measures, and which are aimed at obstructing the carrying out of the regulations which serve the good of our working people.



I wish, in connection with this, to speak specially to our fine miners who have, since the Liberation, shown so many times that they are aware of the important role which they play in our economic life, and in the building of our socialist homeland, and who, in conformity with this, sparing no sacrifice, always guaranteed the basic material of our life, the bread of our industry—coal.

Similarly, I wish to speak especially to the metal workers of Ozd, Diósgyőr and the Mátyás Rákosi Works on whose further good, disciplined work and plan-fulfilment depends in great part at what tempo we are able to raise the standard of living of our working people, and within it, of our industrial workers.

Miners and metal-workers, stand in the forefront, show an example in discipline and plan-fulfilment to the whole of the industrial workers, to the whole working people, and ensure to our people's economy the basic materials which are essential for raising the standard of living of the wide masses!

We are certain, too, that the patriotic intelligentsia which has, ever since the Liberation, shown in ever-increasing measure that we can rely with calm and assurance on their co-operation, their devoted work and their expert knowledge in solving all the important questions of our country, approves and supports the plans for raising the standard of living and welfare of our working people.

Every industrial worker and every intellectual working in production must be aware that it first of all depends on their socially conscious, disciplined work at what tempo we are able to raise the welfare of the working people. Every communist, every member of our Party, our people's educators, our agitators, the hundreds of thousands of members of the Union of Working Youth, the workers in the trade unions who number one and a half million, must unitedly carry out the good work of enlightenment, expose and isolate the enemy, and guarantee the full success of the new aims with the example they show.

During the last few days it has been clear to all that the bulk of the industrial workers and the technical intelligentsia have received with enthusiastic approval the regulations which our Party has worked out to improve the standard of living. Many workers answered our proposals with pledges of more production.

We must take care that now, when we have set the course for vigorously raising the standard of living of the working class, socialist emulation and every other method of our socialist construction should gain new impetus and help to speed up our aims which serve the improvement of our people's welfare. This is at the same time the best answer to the enemy's plan to undermine work discipline and the fulfilment of our plans for the



continuation of our socialist construction and the betterment of our working people.

I must digress here to those points of view to which voice is frequently given by the enemy, but also by those of good faith, according to which our new policy will improve the standard of living of our working people in an extraordinarily short time and at a rapid pace. We must watch out in this sphere not to arouse expectations. Time among other things is necessary to improve the people's welfare, just as for all thorough work.

The good harvest makes it possible for a whole range of supplies of foods, especially greens, fruit and potatoes to be more plentiful, and, I may add, cheaper, from week to week. In this field there has during the last few weeks been a considerable improvement and, I may add, a considerable drop in prices, as was apparent to you all.

Within a few weeks, if the gathering in of the harvest is carried on in a disciplined and organised way, flour at 4 forints 60 fillers will also be available throughout the country. The sugar-beet crop promises to be good and, from all indications, in October there will be abundant quantities of granulated sugar throughout the country. We have already carried out a considerable price-reduction in a range of textile articles and footwear. Other regulations make it possible for greater quantities of good quality textile goods and footwear to be at the disposal of the working people in the next few months.

But at the same time everyone understands that, for instance, we shall not have pork this autumn from the maize that we harvest in October, and that a general rise in our standard of living demands work for a longer time. Changing the rhythm of our investments also requires long and careful work so as to bring over one part of the heavy industrial investments into light industry, the food industry and agriculture.

Raw materials which serve to improve the standard of living such as cotton, wool, or leather, come to our homeland in great part from abroad, by way of importation, and this in itself makes it difficult for us to achieve a rapid or sudden increase in this sphere. I add straight away, however, that the results which the decrees of the last few weeks have already achieved are not to be underestimated. The reductions so far introduced in the prices of clothing, shoes, and seasonal articles assessed for one year means a saving of 1,200 million forints (£36,000,000) to the consumers.

We are starting repair-work, for example in Budapest, on a large scale in the autumn. Next year we shall spend 800 million forints (£24,000,000) more than this year on increasing the construction of dwellings, including more in Budapest. The benefit of improved Budapest street transport will soon make itself felt. The fact that our economic policy has now taken the course of improving the standard of living of the working people and especially of the industrial workers is itself a guarantee that we shall, slowly but surely, make a reality of this aim of ours.

I turn now to questions of agriculture. I have spoken about the fact that, as a consequence of exaggerated industrialisation, the proportion of investments put into agriculture has fallen during the last few years. This, even taken by itself, is a fault, because agriculture produces the victuals which play a considerable part in raising the standard of living. Besides this, however, in the interest of rapidly developing the producer co-operatives and state farms, we committed the separate mistake of neglecting the interests of the individually working peasantry, and therefore of the majority of people working in agriculture. Fertiliser and agricultural machines were sent out almost exclusively to the state farms and the co-operatives, and the machine stations also gave them priority.

One thing which went with the rapid development of the co-operatives and state farms was the parcelling of land, which was accompanied by frequent harassing of the individual working peasants.

The voluntary principle was very often violated in parcelling out the land. There are communities where they have parcelled out the land two, even three times during the last few years, and in doing so twice or three times took away the land of the individual owner and gave him some other land in place of it. Many individually working peasants became dissatisfied because of this. They did not feel they had security of rights, the security of possession, or they did not know whether, when the next parcelling of land came along, their production would not be disturbed again.

Our procurement system was such that it changed from year to year and made it difficult for the working peasants to know well in advance their obligations to the state. Production contracts often involved an infringement of the voluntary principle, and with those who were not willing to make contracts voluntarily, pressure and administrative regulations were used more than once, just as in general administrative regulations and punishments were used instead of attempts being made to convince the individual peasant.



Those individually working peasants who are not yet won to the producer co-operatives were constantly uneasy that maybe sooner or later they would be forced into producer co-operatives. All these facts together led to the position where a considerable part of our working peasantry became uncertain, and more than once left their land and went to work in industry or state farms.

Our Party, in recognising these facts, decided that the mistakes which have been made in this sphere must also be corrected. We have already brought into effect a series of important regulations : to mention only one, we have already reduced the obligations of agriculture by 600 million forints (£18,000,000).

One of our aims is that we should be able to invest much more than we have done so far in agriculture. Especially, we have to reassure the individually working peasantry. They must be reassured in every sphere. Economically, we must support them energetically, see that they get fertiliser, that they can take into account the help of the machine stations, and that, after fulfilling their procurements, they shall be able freely to sell their produce according to their desire.

We must ensure, with speedy, concrete and clear regulations, that they farm their land in tranquillity that, following our new measures, not only their mood for production should grow, but their incomes should grow and, together with this, their standard of living, just in the same way as that of the industrial workers.

We are convinced that the measures which the Central Committee of our Party worked out will, in their final result, not only reassure the individually working peasants, but raise their standard of living, and at the same time consolidate once more the worker-peasant alliance. The individually working peasants, who make up the majority of our agricultural population, understand on the basis of the measures proposed by us that our Party and our State have discerned their troubles and their cares which have so far been making them uneasy, and want to help them, speedily and vigorously.

That proposal which slows up the numerical growth of the producer co-operatives and that proposal which gives co-operative members a possibility of leaving the producer co-operative—indeed, if the majority of the members so desire it, the co-operative can announce its dissolution at the end of the economic year—serve to reassure the individual working peasants to a large extent.

According to the basic rules of the producer co-operatives a member can leave the co-operative only three years after he has entered it. We, to underline the voluntary principle, proposed that this rule should be disregarded and those members who

believe that their prosperity can be better attained outside the co-operative may leave it this year at the end of the farming year.

We established that there are members in the co-operatives at present who did not join because they were convinced of the advantages of collective big-scale agriculture, but because, let us say, they were afraid that otherwise their land would be parcelled out, or because the majority of the village joined, or because they hoped to free themselves from their burdens of taxes; indeed, more than once they joined the co-operative because pressure was put on them to this end.

There are co-operative members, too, who are dissatisfied because of the bad work discipline, bad leadership or organisation of their own co-operatives, and would like to leave because of this. And, beyond them, the loafers, the idlers, the so-called "members" who during one year sometimes worked only 5-6 work-units.

All these members only retarded the development of the co-operatives. The co-operative movement gets not weaker, but stronger, if the co-operatives get rid of such members. For this reason, everyone understands that this proposal of ours, in the same way as the slowing up of the extension of the co-operatives, leads to the strengthening, not the weakening of the producer co-operatives. When we help the individually working peasants, our policy of helping the producer co-operatives does not change.

We must state clearly and unmistakably that our Party and our people's democracy unchangingly sees the road of socialist construction of the village in the producer co-operatives and, in accordance with this, will give everything to help strengthen and extend the producer co-operatives in the future too. In this respect there is no change.

Our measures in connection with the co-operatives continue to have the aim that the co-operatives consolidate their results so far, improve their organisation, become familiar with the best methods of production, raise their production results, and through this, raise the income, welfare and standard of living of the co-operative membership.

In conformity with this, the people's democracy maintains unchanged, in fact, increases, all those concessions which it has ensured so far in connection with extending the co-operatives. But we go even further. Considering that the members of the new, recently formed producer co-operatives in particular, have to struggle against many difficulties, have to pay an expensive fee for studies while they learn the science of big-scale agricultural pro-



duction, we have proposed to the Government that 10% further concession on all articles of procurement should be given to the co-operatives above the concessions granted so far, not only to type III co-operatives, but also to types I and II, if they carry on working in the form of co-operatives after the end of the production year.

The Government has accepted these proposals and will publicise them tomorrow. From this, everyone will understand clearly that we support the producer co-operatives with unchanged strength.

The aim of our proposals is to correct those mistakes which have happened up to now in the field of extending the producer co-operatives.

We unchangingly assert the superiority of producer co-operative production, we avow that the one traversable road towards the economic and cultural betterment of the working peasantry is the producer co-operative. For this reason, we appeal to the followers of the producer co-operative and the several hundred thousand membership of the producer co-operatives too, who have during the last few years built up their co-operatives with so many sacrifices, and I may add, so many results, to join together and defend their co-operatives. In particular, we turn to the communists and the Party organisations in the producer co-operatives, the members and organisations of the Union of Working Youth, the tractor-drivers, the combine-drivers to stand in the forefront of the struggle waged to defend and strengthen the co-operatives.

Let them be in the first rank everywhere, let them courageously and firmly expose and beat back every manifestation and every attack of the enemy. Let them not give an inch to despondency, not an inch to enemy propaganda which is attempting now to attack the whole co-operative movement by over-driving our correct measures.

Let the members and followers of the producer co-operatives be certain that our Party supports them, that the whole force of our people's democracy stands behind them. We shall not take it lying down that the enemy is now trying to undermine the results so far achieved in the socialist construction of the village. We shall not stand for agitation against the co-operatives, either, as we do not stand for agitation against our socialist construction.

In connection with this, we must take a stand against those who now, in the very middle of the harvest, disturb the work of the producer co-operatives by wanting to leave immediately, or by demanding the immediate dissolution of the co-operative.

The proposal which was made to the National Assembly concerning leaving the producer co-operatives says that leaving can only be permitted at the end of the production year, that is in October of this year. It must be explained with patient, enlightening work to those well-intentioned producer co-operative members who want to leave the co-operative now, in the middle of the busiest time, or who demand the dissolution of the co-operatives, that even if they are not following the advice of the enemy, they are in the essence of their demand splitting and disorganising the work of the co-operatives, and that they are disturbing the work right at this moment, in these decisive days and weeks when we want to gather in the crops of the whole year.

We must make these impatient people understand that they must not disturb the harvest now, they must not disturb the work of gathering in the crops, but they should wait, calmly, till the end of the production year, and if they want to leave the co-operative, then they can do it in the way that we proposed, at the end of the production year, in the course of October—that is in three months' time.

This must be underlined even more so because here and there enemy elements which have been shut out of the producer co-operatives, and in particular the kulaks, are now starting a general attack against the co-operatives. Our Party organisations, our local councils, but above all the old members and followers of the producer co-operatives themselves must forcefully beat back this attack with united strength.

We still have no objection to those members who want to leave the producer co-operatives doing so at the end of the economic year. But, because we want the co-operatives to become strong, prosperous and rich, we do not permit either impatience or enemy agitation to turn these regulations against the co-operatives.

The good crops make it possible, this year in particular, for the co-operatives to show their advantages at last. For this reason, everything must be done to ensure that the co-operatives can carry out the harvest in an organised way, undisturbed, calmly carry out the gathering in, and in good time. In conformity with this, I repeat, we must not allow anyone to disturb the harvest work of the producer co-operatives and their further development, whether from impatience or enemy intentions.

In particular we must take a stand against those kulaks who explain as weakness our regulations which are directed towards raising the standard of living of our working people. Because we proposed the abolition of the kulak list these exploiting elements of the village came to the conclusion that now their time had come. We must take care that they speedily recover their senses.



We proposed the abolition of the kulak list because it gave reason for a tremendous amount of abuse and unnecessary harassing. We realised that many kulaks were able by reasoning to secure the removal of their names from the list but on the other hand, more than once, working middle peasants got on to the list, after which they were put under restrictions, even harassed, just like the kulaks.

It is for this reason that we have abolished the kulak list.

But the kulaks remain kulaks, with or without a list. Whoever may have been in doubt about this can see it from what happened in the last few days, when the kulaks' horns grew. It is our job to break off the horns.

I repeat: the fact that we prune and correct those mistakes which have appeared in our kulak policy and which, instead of restricting the kulaks, turned more than once into a general harassing or expropriation of the kulaks, does not mean that the market is now free for the kulaks, or that a change has taken place in our policy aimed at restricting the kulaks.

For this reason our authorities acted correctly when they took into custody those kulaks who appeared on co-operative land and began to harvest, or those kulaks who, in the belief that their time had come, infringed the laws of the people's democracy. The experiences of the last few days in connection with the kulaks have once again shown that you will never make bacon from dogs.

For this reason, at the same time when we are making valid the regulations to restrict the kulaks by observing our own measures, we are not going to stand for the kulaks disturbing our socialist construction in the villages, demanding back their land which had been parcelled into the co-operative or a state farm, attacking the co-operatives and causing them damage, or specifically agitating against our people's democracy.

This must be said, openly and clearly. Our Party members, organisations, councils, authorities must keep themselves to this.

I am certain that the working people of the village and especially the mass of the producer co-operative peasantry support this policy of ours with enthusiastic approval.

Among our proposals relating to agriculture is one which says that those who offered their land, or left it, can obtain land from the reserve-lands—I repeat from the reserve-lands—if they claim it, and we shall support them with sowing-seed and other things, so that by autumn they will be able to cultivate the land. But this regulation too can only be carried out at the end of the agricultural year. Everyone understands that these reserve-lands which have

been cultivated cannot be divided up now, in the very middle of the harvest, and that the time for this can only come when the crop at present on it has been gathered in. Those therefore, who wish to make a claim for this kind of land should be patient, because it is clear that their request cannot be granted now, at the time of harvest.

I must call attention specially to the fact that the central, decisive question in agriculture, on which all our attention and all our strength must be concentrated during these days, is the speedy carrying out of the harvest without loss and the gathering in. The crop this year is the best we have achieved since the Liberation, and by carrying out the gathering-in in an organised and careful way, we can at one blow improve the greater part of our public supplies. For this reason, we must now avoid everything which would disturb even in the smallest measure the course of the harvest and the gathering in.

In accordance with the resolution of our Central Committee, we are now making it our objective that our State apparatus, our councils, and the police shall observe the regulations diligently, watch over lawfulness, not harass the population, and not be austere and rough in their work. We proposed the amnesty, and the abolition of the system of interned people.

These measures however, cannot mean that we have forgotten that the enemy is not asleep. Because in these very days it is our experience that, in connection with the correction of our mistakes, the class-enemy within the country and without has become more alive, more active, and is trying to change our correct regulations which improve the standard of living and the welfare of the working people to the opposite. We have also seen that, in connection with this, he is attacking our people's democracy and our socialist construction in every way.

For this reason, there is a need for increased vigilance and preparedness for struggle in the Party, in the same way as in the working class and in the whole working people. When we correct the mistakes committed in this sphere, at the same time we must call attention to the fact that vigilance is now more necessary than ever, and that our Party should face up to every attempt to put our vigilance to sleep and every attempt by the enemy to use our correct regulations for his own aims.

Among the regulations which were proposed by us is one that our authorities should, where there is a necessity for it, give industrial permits to small craftsmen. I add immediately that this is not a new regulation. This was possible before but our authorities were extremely close-fisted in implementing it. Some of our comrades were afraid even now that this regulation would



lead to a sudden prospering in small industry and that this would produce the capitalist system again.

I can reassure the comrades that it is not a question of this. As a consequence of the suction effect of socialist industry and also as a consequence of our own mistakes in more than one case, many small craftsmen left the village and went off to be industrial workers. So grew up the situation where now in many villages there is no barber, no smith, no shoemaker, that in order to get a horse shod or a pair of shoes soled, you sometimes have to go to a third village or the district centre. It is natural that the village population gets angry about this. But unfortunately, the situation is similar in the case of several towns.

If we now allow the small craftsman, the smith, the barber, the glazier, the mechanic or the cobbler to work in the villages—and, where necessary, in the towns, too—this does not yet endanger our socialist construction, and we are not afraid of the capitalism which is produced from this. On the other hand, the fact that the small craftsman is there, on the spot, to satisfy the elementary necessities of the population without special trouble is in the same way part of the standard of living, and at the same time, an indication that our people's democracy takes trouble over every problem of the population, even such questions as those which seem minute, and helps to solve these problems.

The Council of Ministers or the respective ministries will during this month bring in suitable resolutions to enact the majority of all these measures, the introduction of which was proposed by our Party, which were propounded in the National Assembly by Comrade Nagy.

I wish to deal with the question which the members of our Party have often brought up since the meeting of our Central Committee—that is—why was there a need for those organisational changes which have taken place in the leadership of our Party and in the Council of Ministers?

The political leadership of our Party was complicated. Beside the Central Committee, there was the Political Committee, the Secretariat and the Organising Committee, too, which all dealt with political questions.

We have now simplified this. In the period between two meetings of the Central Committee, the political resolutions will be passed by the Political Committee alone. The work of the three-member Secretariat lies first of all in seeing to the carrying out of the resolutions. This re-organisation makes the political work of the party more united and more speedy. It draws new, young forces into the leadership and ensures that the leadership should in truth be collective and united.

In connection with the Council of Ministers, we experienced that the large number of ministries and above that, the Presidium consisting of deputy prime ministers, did not speed up, but slowed up work and the carrying out of affairs. On the basis of these experiences we decided on the fusion of the ministries. The reason for the new regulation which provides that the secretarial affairs of the Central Committee and the job of Prime Minister are now each carried out by a different comrade, is that the spheres of work are separately each so great that it needs the whole of the working strength of one comrade to carry them out.

The enemy naturally does his best to use these correct regulations to start rumours and disturbances. In connection with this, I can inform the comrades that the members of the old Political Committee who are now not in the new Political Committee, and also the old members of the council of ministers, all, without exception, are working further in suitable fields of work in the various spheres of our Party and the people's democracy. Those who paid attention to the lying rumours of the enemy can once more, as so many times before, convince themselves that they have been deceived.

Summing up, you will understand from what has been said that those measures which our Party propose set as their aim the building of socialism, unchanged. But, on the basis of the lessons of the mistakes we have committed, we are now continuing the building of socialism in a better way, taking more trouble about the realistic possibilities, and with increased augmentation of the necessities and the standard of living of the working people.

During the last two years, we have pushed a little away from our eyes that important communist law that man is the greatest value. Now we are correcting this, and we are carrying on our socialist construction in such a way that the standard of living, the welfare and the culture of our working people and within that, particularly that of our industrial workers, grow at the same time. This is the essence of the changes proposed by us.

Our Party is now setting a course towards the vigorous raising of the standard of living of the workers. The enemy also knows this. He knows, too, that raising the standard of living of the working people strengthens, consolidates the worker-peasant union and strengthens and consolidates our people's democracy. For this reason, on his own behalf he will do everything to disturb and cross our plans.

The imperialist war-mongers support the internal enemy with all their strength. The imperialist camp is made more and more nervous by the successes of the Soviet Union in the sphere of building Communism, and by the cultural and economic prosperity of



the people's democracies and the Chinese People's Republic. They are worried by the vigorous development of the communist and workers' movements in a whole number of capitalist countries and of the liberation struggle of colonial and dependent countries. In face of the achievements of the peace camp, economic troubles are growing in the imperialist camp, and the contradictions sharpening between the United States and her satellites.

In this situation, the imperialists are displaying feverish activity, are trying hard to increase their pressure on the peace camp, and are steering towards such provocations as we were witness to in Berlin and in Korea. Many hundreds of million dollars are being spent on organising provocation and sabotage, and they are activising their agents, their spies and their provocateurs. Such an agent of international imperialism has just been exposed in the Soviet Union, in the person of Beria. Our Party approves the energy, the determination and the speed which the Central Committee of the Communist Party of the Soviet Union showed in this question. For ourselves, we take from it the lesson that we must guard with unceasing vigilance, that we must watch like the light of our eyes, the unity of our Party, its collective leadership and its firm Marxist-Leninist ideological basis.

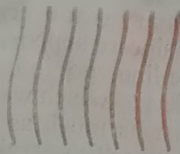
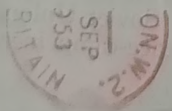
There is no doubt that the imperialists and their agents here are going to do all they can in our country, too, to disturb our socialist construction and the raising of the standard of living of our working people. In this situation, it is more important than at any other time that everyone should see that our Party and its leadership are more united, more closely welded than ever. The firm and lasting basis of this unity, this solidarity is formed by those principles and teachings which were worked out by Marx, Engels, Lenin and Stalin, and which, in the future just as in the past, illuminate our road to Socialism.

Our ever deepening friendly relations with the people's democracies and with our liberator, the mighty Soviet Union, and also with the many hundred-million-strong peace-camp increases our strength and unity.

Our strong and united Party has solved every task which history put before it since the Liberation. For the joy and prosperity of our working people, it will also realise those aims which we have now set ourselves. But for this it is necessary that every member of our Party, every communist, and every sincere supporter of our people's democracy must stand in battle-line, go into counter-attack. We must once again mobilise all that to which we attribute so many successes: patient conviction just as much as steadfast courage, ability to make sacrifices and the unselfish service of the public interest.

Let the whole country see that our Party is united, forged together, that every member of it, every one of its organisations, everyone of its agitators and people's educators approves our appointed aims, that they are all determined to expose, beat back and smash every attack of the enemy which seeks to obstruct the raising of the standard of living and the welfare of our working people.

Let us work courageously, self-confidently, with belief in the justice and correctness of our cause, and victory will be ours again, as so many times before.



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Printed by Deane Printers Ltd. (T.U.), London.

